Suggestion bus
5383

chicago transit authority annual report / 1971

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Members of Chicago Transit Board at the close of the 1971 fiscal year: (from left, seated) James R. Quinn, Chairman Michael Cafferty, Donald J. Walsh; (standing) Lawrence G. Sucsy, Ernie Banks, Wallace D. Johnson, Clair M. Roddewig.

Chicago Transit Board

MICHAEL CAFFERTY, Chairman (M)	Term Expires August 31, 1973*
JAMES R. QUINN, Vice Chairman (M)	Term Expires August 31, 1971**
ERNIE BANKS (G)	Term Expires August 31, 1976
WALLACE D. JOHNSON (G)	Term Expires August 31, 1975
CLAIR M. RODDEWIG (M)	Term Expires August 31, 1972
LAWRENCE G. SUCSY (G)	Term Expires August 31, 1977***
DONALD J. WALSH (M)	Term Expires August 31, 1974****

M—Appointed by the Mayor of the City of Chicago.
G—Appointed by the Governor of the State of Illinois.
*—Oath of Office filed May 13, 1971.
**—Continues to serve until a successor has been appointed and has qualified.
***—Oath of Office filed June 16, 1971.
****—Oath of Office filed October 4, 1971.

THOMAS B. O'CONNOR, General Manager

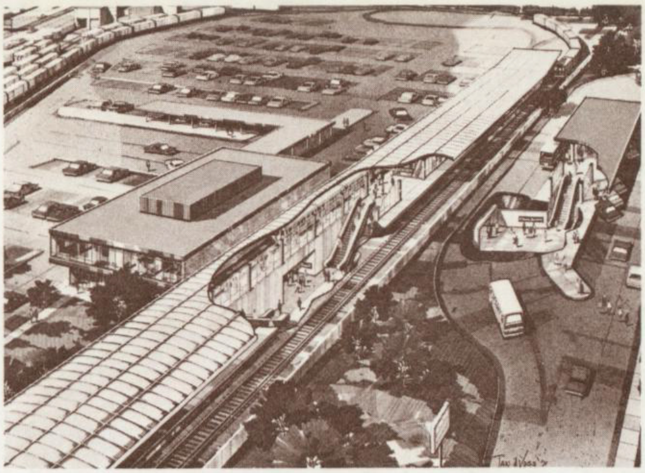
contents

Chicago Transit Authority
twenty-seventh annual report
for the fiscal year ended December 25, 1971

MAY 29 1972

- $122 million capital improvement program . 2
- project suggestion bus 4
- operations review 6
  - riding trends 6
  - vehicle miles 7
  - chicago transit board 7
  - personnel 8
  - employment 8
  - public safety 9
- financial results 10
  - sources of revenue 12
  - operating expenses 12
- outlook for 1972 15
  - financial budget 15
  - budget for capital projects 16
- financial statements 17
- balance sheets 18
- statements of application of revenue 19
- statements of long-term debt 20
- notes to financial statements 20
- statement of changes in appropriated net earnings 21
- statement of funds 22
- event subsequent to date of auditors' report . 24
- statement of transportation property and organization expense 25
- revenue equipment 25
- mileage owned, leased, and operated . . . 26
- operating statistics 27
- ten year financial & statistical summary . . 29

$122 million capital improvement program



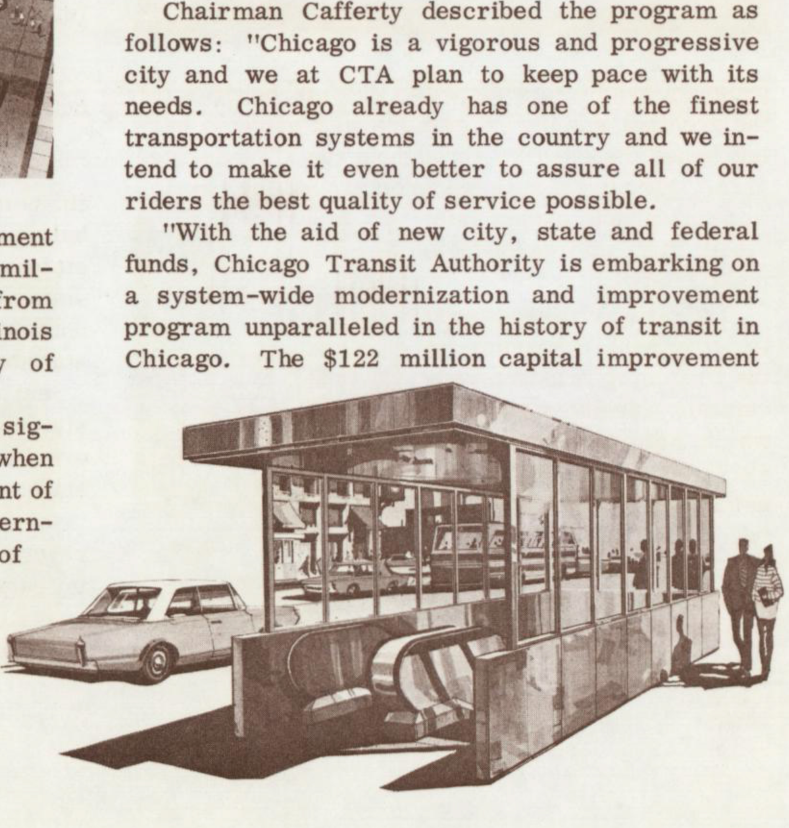
The most extensive transit capital improvement program in Chicago's history--totalling $122 million--got under way in 1971 with assistance from the U.S. Department of Transportation, the Illinois Department of Transportation and the City of Chicago.

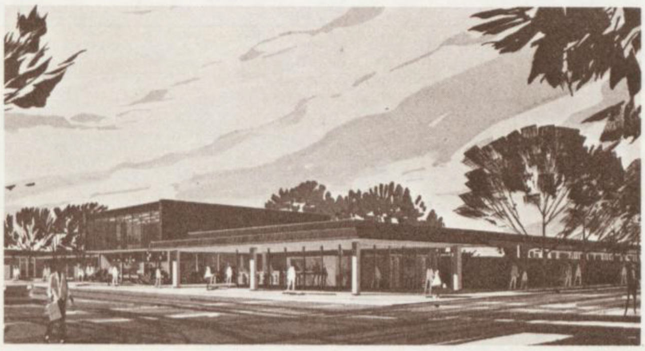
The Chicago Transit Authority was given a significant vote of confidence on December 30 when Secretary John A. Volpe of the U.S. Department of Transportation announced that the federal government would finance two-thirds ($53 million) of the first $80 million of the $122 million two-year program. The Illinois Department of Transportation funded the balance of $27 million.

In referring to the program, Mayor Daley said: "The renewing, rebuilding, and modernization of CTA's equipment and facilities will benefit all Chicago area residents. Chicago is fortunate in having an established and coordinated mass transit system, and to assure the continued growth of our city and the mobility of our citizens it is essential that we give the system immediate attention to insure its efficiency and safety."

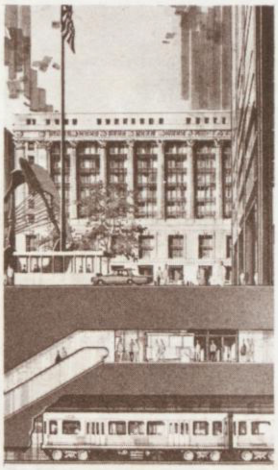
Chairman Cafferty described the program as follows: "Chicago is a vigorous and progressive city and we at CTA plan to keep pace with its needs. Chicago already has one of the finest transportation systems in the country and we intend to make it even better to assure all of our riders the best quality of service possible.

"With the aid of new city, state and federal funds, Chicago Transit Authority is embarking on a system-wide modernization and improvement program unparalleled in the history of transit in Chicago. The $122 million capital improvement





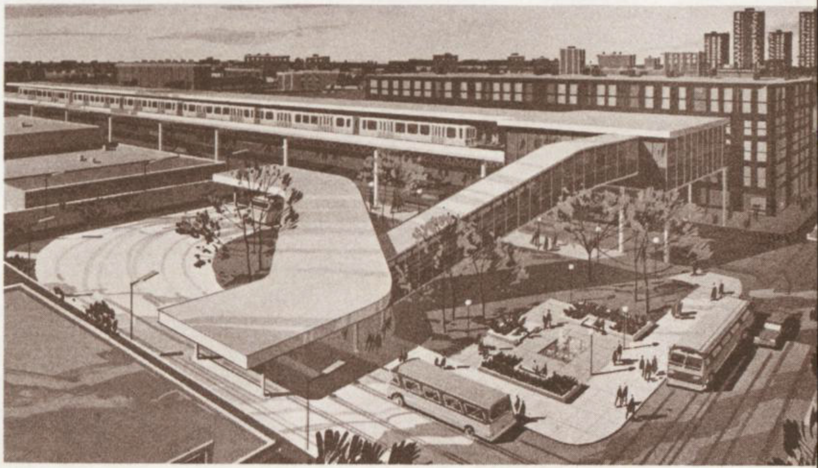
program has been designed to provide benefits for the greatest number of persons with projects having broad distribution throughout the CTA service area. Our program is designed around the conviction that people expect safe, clean, fast and dependable mass transit."



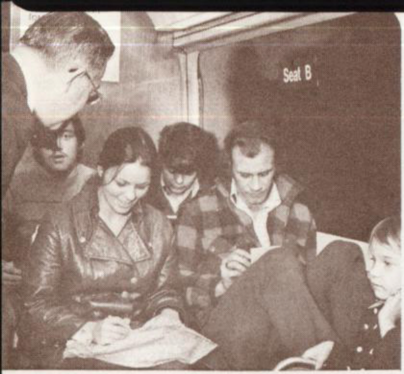
The $122 million capital improvement program is the first step in a five-year capital needs program which anticipates investing $277 million in capital renewal and replacement between 1972 and 1976.

The program is designed to provide improvements in five categories: passenger safety, passenger comfort, passenger convenience, neighborhood improvements and operation improvements.

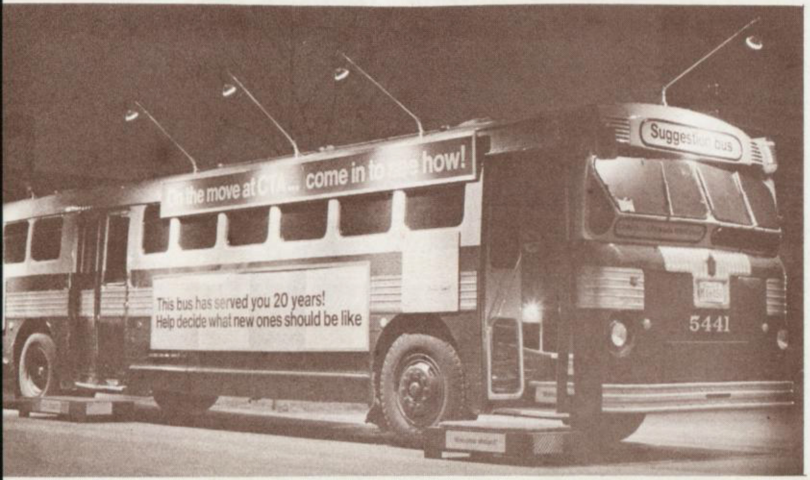
Some of the more spectacular projects in the program are: safety signalling for the North-South rapid transit route and the Douglas branch of the West-Northwest rapid transit routes; 1,000 air-conditioned buses with the latest environmental improvements; 100 rapid transit cars; modernization of the Randolph/Washington stations in the State and Dearborn subways to complement the Civic Center; new Congress rapid transit terminal; new Jackson Park rapid transit terminal; new Kimball/Lawrence rapid transit terminal; remodelling of six rapid transit stations, and expansion and modernization of maintenance facilities.



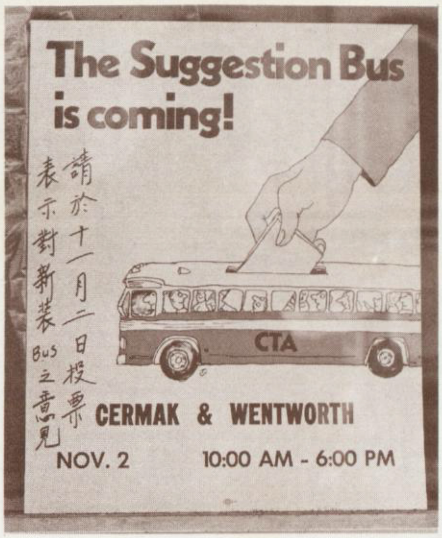
project suggestion bus

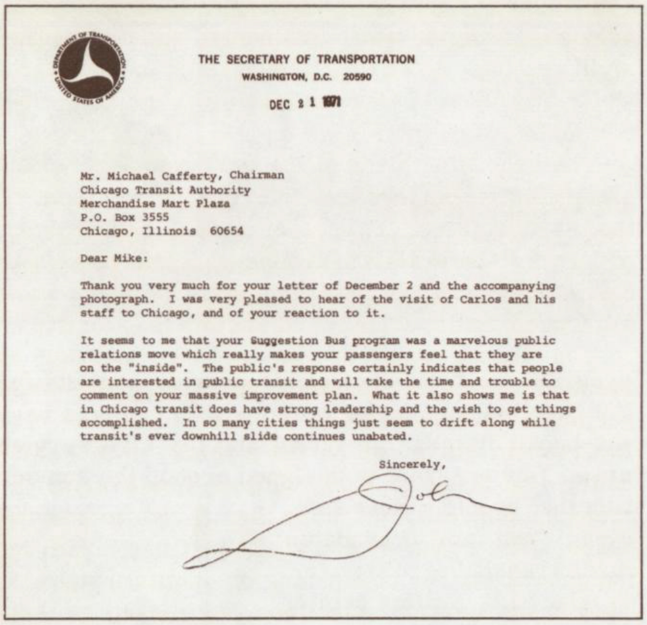


how!
Wel
elcome aboard!


Suggestion bus
On the move at CTA... come in to see how!
This bus has served you 20 years!
Help decide what new ones should be like
5441

move at CTA... come in to see how!


The Suggestion Bus is coming!
請於十一月二日投票
表示對新裝Bus之意見
CTA
CERMAK & WENTWORTH
NOV. 2
10:00 AM - 6:00 PM



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

DEC 21 1971

Mr. Michael Cafferty, Chairman
Chicago Transit Authority
Merchandise Mart Plaza
P.O. Box 3555
Chicago, Illinois 60654

Dear Mike:

Thank you very much for your letter of December 2 and the accompanying photograph. I was very pleased to hear of the visit of Carlos and his staff to Chicago, and of your reaction to it.

It seems to me that your Suggestion Bus program was a marvelous public relations move which really makes your passengers feel that they are on the "inside". The public's response certainly indicates that people are interested in public transit and will take the time and trouble to comment on your massive improvement plan. What it also shows me is that in Chicago transit does have strong leadership and the wish to get things accomplished. In so many cities things just seem to drift along while transit's ever downhill slide continues unabated.

Sincerely,

John

Letter from Secretary of Transportation John A. Volpe.

The largest public hearing ever held for a federal funding application was conducted through CTA's Project Suggestion Bus. It was conducted in conjunction with a grant application to the U.S. Department of Transportation to fund a $122 million two-year capital program, the most ambitious in CTA history.

The project was carried out with two vintage buses, both of which were to be replaced with new buses, which were part of the grant application. The interiors of those buses were totally redesigned but the exteriors were left untouched. In each bus, the first one-third of the interior was refurbished with new lighting, different color schemes, various wall treatments, and alternative style seating. In effect, it suggested to the public a variety of atmospheres and environments, and comments were invited.

The rear two-thirds of the bus became a virtual gallery of renderings and information pertinent to the $122 million, two-year capital replacement program. The walls were wood-paneled, there was carpeting throughout, and CTA staff members were present to guide, explain and answer questions.

The buses went to the people, locating at twenty-five busy sites during an ensuing two-week period in November 1971.

Prior to going out on the streets, it was estimated that 6,000 to 7,000 visitors would make the project a success, but more than 35,000 toured the buses. More than 30,000 took the time to fill out the questionnaires concerning the capital program. They made certain selections, expressed preferences, and commented on how CTA could provide better service to the community.

When Project Suggestion Bus was announced, Chairman Cafferty said:

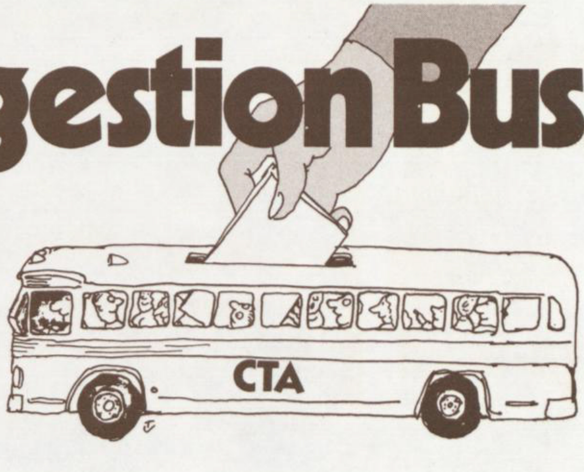
"Project Suggestion Bus borrows from the concept of the company suggestion box but carries the idea one step further. We are asking the people to come to us with their suggestions--and we are going to them. We know of no other transit system that has ventured so far in this participatory direction.

"We are firmly committed to the principle that our riders must have the opportunity to transmit their ideas regarding the decisions that affect their transit system. CTA has a responsibility to give people an opportunity to make their views known and, as chairman, I welcome their opinions and response. Project Suggestion Bus is an important first step toward that goal."

"Fares from riders support CTA. We want people to know that we recognize this, and we want to make the CTA responsive to the needs of the people who use it," stressed Cafferty.

Project Suggestion Bus appears to be a quantum breakthrough for citizen participation conducted on a truly productive basis.

The Suggestion Bus.



operations review

The second largest public transit system in North America, CTA serves all sections of the City of Chicago and provides service to within 3/8 mile of 99% of the city's population. CTA also serves 34 suburbs.

Miles of revenue bus routes served are 1,855 at the end of 1971, an increase of eight miles over 1,847 revenue miles for 1970. The increase resulted from the inauguration of service on the No. 100 Jeffery Manor Limited route serving the 95/Dan Ryan Transit Center and extensions of service on the No. 21 Cermak route coincident with the reopening of McCormick Place, on the No. 106 103rd-106th route to serve the new Olive-Harvey College campus, and on the No. 50 North Damen route upon completion of rebuilding of the Damen Avenue viaduct between 29th and 33rd Streets.

Miles of revenue rapid transit track have remained at 191.60 since February 1, 1970, when the Kennedy Extension was completed.

At year-end, the active fleet of revenue equipment included 274 trolley buses, 2,629 motor buses, and 1,282 rapid transit cars. No new equipment was acquired during 1971; however, 40 trolley buses, 131 motor buses, and 23 rapid transit cars were retired during the year as a result of decreased requirements for vehicles resulting from a riding loss.

riding trends

A decrease in riding for the year 1971, affecting originating passengers on both the surface and rapid transit systems as well as transfer passengers, can be attributed primarily to a fare in-

A Chairman's Award program designed to honor CTA employees who have excelled in the performance of their duties in serving the public was instituted during 1971 by CTA Chairman Michael Cafferty. Named by Mr. Cafferty as the first recipients of the award were Bus Operators Cleven Wardlow (center) and James McWilliams.

crease effective July 8, 1970, raising both the basic fare and transfer charge by 5 cents each. Total revenue passengers, including originating and transfer fares, are 612,140,752 for 1971 and 628,646,541 for 1970, a decrease of 16,505,789 (2.63%).

Ridership losses within the two classifications of originating passengers, with the greatest decrease affecting surface riding, are as follows: originating surface system passengers are 282,659,169 in 1971 compared to 296,176,300 in 1970, a decrease of 13,517,131 (4.56%). Originating rapid transit system passengers are 103,499,016 in 1971 compared to 105,598,382 in 1970, a decrease of 2,099,366 (1.99%).

The number of passengers purchasing transfers, entitling them to one or more additional rides over connecting CTA bus or rapid transit routes, is 225,982,567 in 1971 compared to 226,871,859 in 1970, a decrease of 889,292 (.39%).

vehicle miles

Combined vehicle miles operated in 1971 totaled 146,267,671, a decrease of 3,535,156 (2.4%) under 1970. Surface system miles operated were 95,198,536, a decrease of 3,115,297 (3.2%) under 1970. This decrease was primarily due to service reductions made as a result of reduced riding volumes. Rapid transit system car miles were 51,069,135, a decrease of 419,859 (0.8%) under 1970.

On each weekday during 1971 an average of 2,423 buses operated 289,719 miles and an average of 963 rapid transit cars operated approximately 163,774 miles.

Average scheduled speed of buses in 1971 was 12.05 mph as compared with 12.06 mph in 1970, while the rapid transit average scheduled speed in 1971 was 24.51 mph as compared to 24.25 mph in 1970.

The average speed of buses has remained within plus or minus .07 mph of an average of 11.99 mph for the past eight years despite increasing vehicular traffic on arterial streets. The peak speed of 12.06 mph attained in 1970 reflects a decrease of approximately 100 bus trips daily into the congested Loop area resulting from route changes effected upon inauguration of rail rapid transit service on the Kennedy Extension. Implementation of the Exact Fare Plan on buses during the winter of 1969-70 not only eliminated robberies of bus drivers, but also contributed to higher scheduled speed.

The average speed of rapid transit operations has increased continuously in each year since 1968. Marked increases in average speeds over the prior years in 1969 (.76 mph) and 1970 (.53 mph) resulted from the acquisition of 150 high-speed rapid transit cars purchased with combined City of Chicago and federal funds for the Kennedy and Dan Ryan Extensions. The increase in 1971 (.26 mph) resulted from more intensive scheduling of these cars in non-rush hours on the West-Northwest route and complete replacement of all-steel pre-CTA cars serving the Ravenswood route in weekday rush hours.

chicago transit board

On May 13, 1971, Michael Cafferty became a member of the Board following his appointment by the Honorable Richard J. Daley, Mayor of Chicago, which was approved by the Honorable Richard B.

Ogilvie, Governor of Illinois. On May 18, 1971, Mr. Cafferty was unanimously elected chairman of Chicago Transit Board. Mr. Cafferty succeeded George L. DeMent, Chairman of the Board since July 3, 1963, who died on March 13, 1971.

On June 16, 1971, Lawrence G. Sucsy became a member of the Board following his appointment by the Honorable Richard B. Ogilvie, Governor of Illinois, which was approved by the Honorable Richard J. Daley, Mayor of Chicago. Mr. Sucsy succeeded Mrs. Bernice Van der Vries who retired from the Board on July 1, 1971.

On October 7, 1971, Donald J. Walsh became a member of the Board following his appointment by the Honorable Richard J. Daley which was approved by the Honorable Richard B. Ogilvie. Mr. Walsh succeeded William W. McKenna who retired from the Board on November 1, 1971. Mr. McKenna had served on the Board since it was created in 1945.

personnel

Total employees in service at the close of the fiscal year ended December 25, 1971, numbered 12,774, a decrease of 87 from 12,861 in service at December 26, 1970.

During the fiscal year 1971, 454 employees retired on pension and 394 pensioners died. There were 5,248 retired employees on pension at the end of 1971.

The following changes were made in executive and supervisory positions in 1971:

Joseph Bolech was appointed Superintendent of Rapid Transit Shops and Terminals effective March 14, succeeding H. G. Doering, deceased. Joseph A. Rosendhal was appointed Superintendent of Surface System Shops effective March 14.

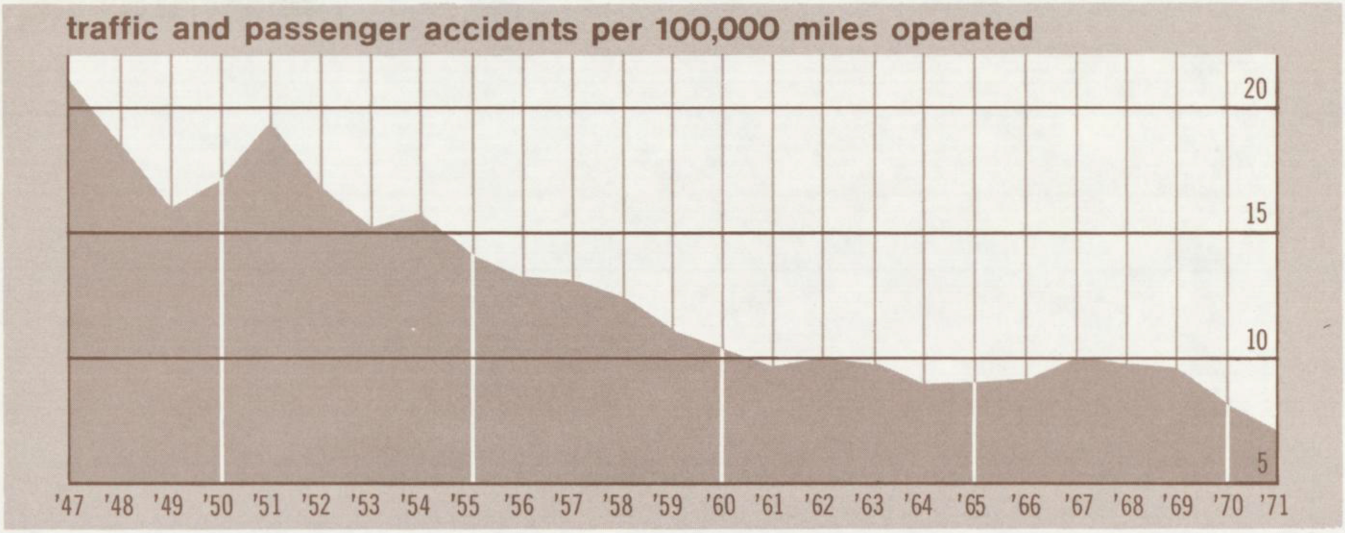
Norman N. Graver was appointed Acting Superintendent of Security Operations effective July 1.

employment

The year 1971 was the first since 1950 during which the Authority maintained a full complement of bus operators. This reversal from the serious bus operator shortage of the past two decades was due primarily to rising unemployment in the Chicago metropolitan area. From an unemployment rate of about 3.0% in mid 1970, the rate began to climb and throughout 1971 ranged from 4.1% to 5.5%. This rate, although high for the Chicago area, was substantially lower than 6.2% nationwide.

Because of widespread unemployment, turnover of bus operators was at the lowest rate in many years. In the early and mid-sixties, the resignation rate averaged about 13.0%. Beginning in 1967 there was a steady decline in the rate and in 1971 it fell to a low 4.6%.

During the year, 4,457 applicants for full-time permanent jobs were accepted and 1,039 were hired. Of these, 441 were bus operators, the lowest total in the 22 years for which records are available. From a group of 2,143 applicants for temporary employment, 1,098 were hired. Of these, 703 were full-time temporary bus operators hired for the summer months to replace permanent bus operators on vacation. A total of 3,016


traffic and passenger accidents per 100,000 miles operated

employees applied for upgrading and transfer on 286 job vacancy bulletins. In addition, 847 employees applied on 32 announcements of training.

public safety

In 1971 CTA operating employees established the safest year in the Authority's 24-year history. Compared with 1970, the previous safest year, there were 1,822 fewer traffic and passenger accidents, a decrease of 15.2%. The traffic and passenger accident frequency rate of 7.1 accidents per 100,000 miles operated was also the lowest in CTA history, a reduction of 13.4% compared with the 1970 rate of 8.2.

Considering the surface and rapid transit systems separately, each system also set its own safest year in 1971. The surface system had 1,716 fewer traffic and passenger accidents than in 1970, its previous safest year, a 15.0% reduction. The rate, too, was substantially less; 11.6 in 1970 and 10.1 in 1971, a reduction of 13.2%.

The rapid transit system rate of 1.43 was 8.0% lower than its previous lowest rate of 1.55 set in 1969. In numbers of traffic and passenger accidents, there was an increase of 12 accidents compared with 1969. However, exposure to accidents increased in 1971 over 1969; the system operated 4,600,000 more miles and carried substantially more passengers.

The table below compares the 1971 public accident experience with that of 1970, CTA's previous safest year, and with 1954 when intensive safety-training activities began. Included are all accidents no matter how minor, even accidents in which other vehicles strike CTA vehicles.

				1971 Decrease	
	1971	1970	1954	From 1970	From 1954
Traffic accidents	6,604	7,846	16,300	15.83%	59.48%
Passenger accidents	3,592	4,172	9,678	13.90%	62.88%
Total accidents	10,196	12,018	25,978	15.16%	60.75%
Schedule miles on routes (in thousands)	144,010	147,162	164,222	2.14%	12.31%
Frequency rate—Accidents per 100,000 miles—					
Traffic accidents	4.59	5.33	9.93	13.88%	53.78%
Passenger accidents	2.49	2.83	5.89	12.01%	57.72%
Total accidents (rounded)	7.1	8.2	15.8	13.41%	55.06%

financial results

Operating revenues in 1971 increased $6,309,404 (3.4%) over 1970 due principally to a fare increase effective July 8, 1970, raising the basic fare 5 cents to become 45 cents and the transfer charge from 5 to 10 cents. Increased wages and fringe benefits for the year account for the greater portion of the $17,166,959 (9.58%) increase in operating expenses.

Operating revenues failed to cover operating expenses by $5,204,226 for 1971 before applying grants. In addition, operating revenues, before applying grants, were short by $8,011,928 to make deposits to the debt service funds in order to comply with the requirements of the Trust Agreement securing the Authority's revenue bonds. Revenues also failed to meet the depreciation provision requirements, resulting in a total revenue deficiency of $28,503,096 for the year 1971 before applying grants.

During 1971 the Authority received $3,500,000 from the City of Chicago and County of Cook to apply to operating losses and $7,000,000 from the State of Illinois, of which $6,301,435 was applied to meet debt service requirements on revenue bonds and balance was applied to equipment trust certificates debt service requirements. These grants and contributions, made possible by the enactment of an Emergency Transportation Act and the Transportation Bond Act by the Illinois General Assembly, reduced the deficiency in operating expenses to $1,704,226 and after revenue bond debt service requirements to $3,414,719. These deficiencies were met by reducing the Authority's working capital.

Comparative results of operations for the fiscal years 1971 and 1970 are shown below:

	1971	1970
Operating revenue	$191,086,777	$184,777,373
Operating expenses	196,291,003	179,124,043
Revenue available (deficiency) before grant and debt service	(5,204,226)	5,653,330
Grant from City of Chicago and County of Cook applied to operating deficiency	3,500,000	—
Net revenue available (deficiency) before debt service	(1,704,226)	5,653,330
Debt service requirements	8,011,928	7,982,996
Deficiency before grant and depreciation	(9,716,154)	(2,329,666)
Grant from State of Illinois applied to revenue bond debt service requirements*	6,301,435	—
Deficiency before depreciation	(3,414,719)	(2,329,666)
Depreciation requirement-current period	15,286,942	14,782,190
Net deficiency in revenue	$ (18,701,661)	$ (17,111,856)

**Total grant received from the State of Illinois was $7,000,000. Balance not shown here was applied to equipment trust certificates debt service requirements.*

The increase in passenger revenues presented in the table on Page 12 generally reflects a full year's operating experience following the fare increase in mid-1970. Rapid transit system revenues show a comparatively greater increase which can be attributed to a smaller ridership loss and new riding which continued to be generated by the opening of the Dan Ryan and Kennedy Extensions. Charter service revenues were up due to the reopening of McCormick Place and added school charter business. Other revenues, which include interest earnings from securities, decreased primarily as a result of a decline in cash balances available for investment.

The comparison of operating expenses on Page 12 indicates a 9.58% increase for 1971, attributed to spiraling costs arising in all categories of expense.

Operating labor hours for the fiscal year 1971 totaled 24,390,849 compared to 24,798,182 for 1970, a decrease of 407,333.

An increase of 6.24% in wages and salaries for 1971 resulted from higher hourly wage rates and cost-of-living allowances as provided in the contracts negotiated December 1, 1968, and December

sources of revenue

			Increase (Decrease)	
	1971	1970	Amount	Per Cent
Passenger revenues—				
Originating surface system	$131,286,830	$127,360,276	$3,926,554	3.08
Originating rapid transit system . .	49,941,474	47,517,945	2,423,529	5.10
Student riding subsidy - State of Illinois	6,148,892	6,072,790	76,102	1.25
	187,377,196	180,951,011	6,426,185	3.55
Charter service	807,678	692,881	114,797	16.57
	188,184,874	181,643,892	6,540,982	3.60
Other revenues—				
Station and car privileges	1,056,775	1,002,740	54,035	5.39
Rent of buildings and other property .	541,091	543,611	(2,520)	(.46)
Miscellaneous	1,304,037	1,587,130	(283,093)	(17.84)
	2,901,903	3,133,481	(231,578)	(7.39)
Total operating revenue	$191,086,777	$184,777,373	$6,309,404	3.41

operating expenses

			Increase	
	1971	1970	Amount	Per Cent
Wages and salaries	$132,794,246	$124,992,345	$ 7,801,901	6.24
Pension contributions	16,064,500	12,926,003	3,138,497	24.28
Federal insurance contributions . . .	5,349,990	4,870,517	479,473	9.84
Employees' insurance	7,108,691	4,485,795	2,622,896	58.47
Total labor costs	161,317,427	147,274,660	14,042,767	9.54
Electric power purchased	4,269,179	3,932,680	336,499	8.56
Motor bus fuel consumed	3,048,962	2,816,491	232,471	8.25
Operating material and supplies . . .	9,619,225	8,712,085	907,140	10.41
Provision for injuries and damages . .	9,554,339	9,238,869	315,470	3.41
Misc. services, supplies, etc.	8,481,871	7,149,259	1,332,612	18.64
Total operating expenses	$196,291,003	$179,124,044	$17,166,959	9.58

1, 1971, with the Amalgamated Transit Union. These changes, applied to the basic bus operators wage rate, are as follows:

	Basic Hourly Rate	Cost-of-Living Allowance	Total
December 26, 1970 . .	$4.27	$0.510	$4.780
1971 changes—			
Effective March 1 . .	—	+0.025	0.025
June 1 . . .	+0.08	+0.060	0.140
September 1 .	—	+0.025	0.025
December 1 .	+0.30	—	0.300
Net change-1971 . . .	0.38	0.110	0.490
December 25, 1971 . .	$4.65	$0.620	$5.270

Note: C-of-L of $.62 frozen in contract change effective 12-1-71.

The Authority's pension contribution costs for the year 1971 increased 24.28% as a result of higher employee earnings and 1971 amendments to the plan which provide for increased benefits.

Federal Insurance Contribution Act costs for 1971 also increased due to higher earnings.

The most significant increase occurred in employees' group insurance costs due to additional benefits provided by wage contracts. This amounted to a 58.47% increase over 1970.

Operating materials and supplies costs increased over 1970 as a result of higher material prices.

Provision for injuries and damages was accrued at 5% of gross revenues in 1971.

Average cost per claim settled, excluding expenses, was $300 in 1971 compared to $295 in 1970. Suit costs, excluding expenses, averaged $1,990 in 1971 compared to $1,589 in 1970. The number of incidents during the year totaled 17,225 compared with 19,525 in 1970.

A comparison of claim and suit settlements and applicable expenses for the years 1971 and 1970 follows:

	1971	1970	Increase (Decrease)
Claim settlements—			
Number	12,014	14,341	(2,327)
Settlement costs	$2,326,886	$2,687,352	$(360,466)
Expenses	1,361,752	1,272,475	89,277
Total cost of claims	$3,688,638	$3,959,827	$(271,189)
Suit settlements—			
Number	2,892	3,088	(196)
Settlement costs	$4,274,010	$3,819,517	$ 454,493
Expenses	1,450,564	1,524,794	(74,230)
Total cost of suits	5,724,574	5,344,311	380,263
Total costs	$9,413,212	$9,304,138	$ 109,074

Debt service requirements were as follows:

	Interest	Principal and Sinking Funds	Total
Revenue bonds	$2,217,750	$5,794,178	$8,011,928
Equipment trust certificates	323,021	1,374,165	1,697,186
Total	$2,540,771	$7,168,343	$9,709,114

Debt Service Requirements on revenue bonds for 1971 increased $28,932. Deposits to sinking funds increased $688,978; deposits to series of 1947 Serial Bond Maturity Fund decreased $483,871. Interest payments to maturity decreased $176,175 as a result of the retirement of bonds in 1971.

Series of 1947 serial bond maturity retirements of $2,000,000 were at par. Current year sinking fund retirements of principal, the discount or premium involved, and future interest savings on these retirements are detailed below.

	Total Revenue Bonds Retired (Serial Maturities and Sinking Funds)		Sinking Fund Retirements			
Series	1971	Since Issue	Par Value	Cost	Discount (Premium)	Interest Savings to Maturity
1947	$2,331,000	$71,592,000	$331,000	$243,968	$ 87,032	$ 91,960
1952	75,000	7,220,000	75,000	50,252	24,748	38,522
1953	25,000	2,050,000	25,000	16,502	8,498	12,840
Total	$2,431,000	$80,862,000	$431,000	$310,722	$120,278	$143,322

Net principal savings to date by early retirement of term bonds at discounts amounted to $3,675,022.

The annual interest reduction on $431,000 retired in advance of maturity during 1971 amounts to $16,912.

Provision for depreciation (8% gross revenue) increased $504,752.

outlook for 1972

financial budget

An operating budget for the year 1972, approved by Chicago Transit Board in December, 1971, indicated that revenues of $192,243,000 will not be sufficient to meet operating expenses of $202,578,000. This left a shortage of $10,335,000 in operating expenses, with no revenues available for debt service requirements of $8,156,000 and the provision for depreciation (8% of gross revenues) of $15,379,000, making a total deficiency in revenues of $33,870,000 for the year 1972.

Labor costs for 1972 were estimated at November 30, 1971, levels with no provisions being made for any increases that may result from negotiations, in progress at the time with all unions representing the employees of the Authority, to replace contracts that expired November 30, 1971.

Passenger revenues were estimated to be $189,129,000 or $1,968,000 over 1971. The increase arises primarily from an expected increase in riding of 1.2% on the surface system and of .25% on the rapid transit system, plus student reimbursement not applied to 12 days of school closing in December, 1971, which is included in 1972 revenues. Decreases of $39,000 in charter revenue and $510,000 in miscellaneous revenues were anticipated for 1972.

Departmental operations and maintenance expenses were estimated to be $202,578,000 or $6,362,000 more than 1971. Labor cost increases account for $5,285,000 of the above. Material costs were estimated to increase $219,000 and miscellaneous services to increase $564,000. Labor costs budgeted were based on wage rates in effect at November 30, 1971.

Subsequent to the adoption of this budget the Federal Pay Board approved negotiated increases amounting to 5.5% of the current wage rates, including fringe benefits. The basic increase for bus operators was 30 cents per hour effective December 1, 1971. This increase has added approximately $10,000,000 to the budgeted deficit for 1972. As of September 30, 1972, the anticipated increase in riding and passenger revenues has not materialized. Such revenues are now estimated at $183,000,000 for 1972.

budget for capital projects

As mentioned earlier in this report, the CTA embarked on a major facility renewal program financed by the Federal Government and the State of Illinois.

The budget approved late in 1971 for the first phase is as follows:

49-53 passenger bus (525)	$22,338,000
Rapid transit cars (100-120)	19,762,000
Equipment renovation and improvements	11,006,000
Rehabilitation/renovation of facilities and right-of-way	11,594,000
Purchase and installation of service, maintenance and support equipment	1,918,000
Grantee staff force work and materials related to items listed above	6,051,000
Contingencies and other	7,031,000
Total	$79,700,000

To be financed by:

Federal government	$53,100,000
State of Illinois	26,600,000
Total	$79,700,000

Contingent upon monies that may become available in the depreciation reserve fund, additional capital outlays for the fiscal year 1972 were estimated to be $6,570,000. Included in this amount was $1,279,000 which represented the Authority's share of cost for various capital improvements, with the remaining costs to be financed through the anticipated receipt of additional grants. A majority of the remaining capital budget was committed for other projects urgently needed.

Major capital items budgeted were as follows:

Equipment trust certificate costs	$1,698,000
Purchase of fare boxes	800,000
Substation conversion	1,205,000
Rapid transit system track and structure	212,000
Surface system buildings and construction	1,758,000
Rapid transit system buildings and construction	112,000
Surface system electrical construction	81,000
Rapid transit system electrical construction	324,000
Purchase of shop tools and equipment	5,000
Purchase of Stores Department equipment	5,000
General and administrative costs capitalized	325,000
Purchase and sale of real estate	45,000
Total	$6,570,000

To be financed by:

Chicago Transit Authority	$2,388,000
Federal government	852,000
State of Illinois	2,848,000
Commonwealth Edison Co.	482,000
Total	$6,570,000

To Chicago Transit Board of Chicago Transit Authority:

We have examined the balance sheets and statements of long-term debt of CHICAGO TRANSIT AUTHORITY ("Authority") (an Illinois municipal corporation) as of December 25, 1971, and December 26, 1970, the related statements of application of revenue for the fifty-two week periods then ended, and the statements of changes in appropriated net earnings and of funds for the fifty-two week period ended December 25, 1971. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As indicated in the accompanying financial statements and in the notes thereto, the Authority has significant financial problems. The recovery of the cost of its transportation property, materials and supplies and other assets, and therefore its ability to meet its obligations and to comply with the terms of the revenue bond and equipment trust agreements depends upon the adequacy of its revenues, which were not adequate for the fifty-two week periods ended December 25, 1971, and December 26, 1970, nor are they budgeted to be adequate for 1972. In 1971, however, the Authority received grants applied to operating losses and debt service from local and state governments, operates transportation property financed by local, state and Federal grants and is presently applying for additional grants.

Because of the matters referred to in the preceding paragraph, we are unable to express an opinion on the accompanying financial statements taken as a whole. In our opinion, however, the amounts shown in the accompanying balance sheets and statement of funds for cash and U.S. Government securities held in the various funds and accounts, accounts receivable, contributions and grants, accrued interest, the amounts listed under other current liabilities and the amounts shown in the accompanying statements of application of revenue for operating revenue and operating expenses, except for the effect of the matter described in Note 10, are presented fairly in conformity with generally accepted accounting principles and/or as specifically provided in the revenue bond trust agreement consistenly applied, except as indicated in Note 11, during the periods.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
March 31, 1972.

balance sheets *as of December 25, 1971, and December 26, 1970*

assets

	1971	1970
Transportation Property, at cost, excluding $152,000,000 of property and equipment owned and/or financed by others and operated by the Authority	$247,713,092	$251,917,004
Less—Reserve for depreciation	162,442,802	148,782,584
	$ 85,270,290	$103,134,420
Special Funds, cash and U.S. Government securities, at cost (see accompanying Statement of Funds):		
Held by revenue bond Trustee—		
Depreciation reserve (Notes 1, 2 and 5)	$ 679,896	$ 1,845,869
Transit revenue--grant from State of Illinois for debt service	51,362	—
Interest on revenue bonds	1,056,961	1,115,037
Interest on equipment trust certificates	24,286	28,223
Damage reserve (Note 6)	3,346,075	3,204,948
	$ 5,158,580	$ 6,194,077
Other Current Assets (Notes 2 and 3):		
Working cash account, cash and U.S. Government securities, at cost	$ 9,548,176	$ 17,864,977
Accounts receivable, less reserve	7,986,212	4,736,600
Materials and supplies, at average cost less reserve	6,625,242	6,299,832
Other	1,024,118	1,147,403
	$ 25,183,748	$ 30,048,812
	$115,612,618	$139,377,309

liabilities

	1971	1970
Long-Term Debt, including $8,039,415 debt service requirements due within one year (see accompanying statement) (Notes 3, 4 and 5):		
Revenue bonds, after deducting amounts held by Trustee for payment of principal (Note 2)	$ 41,274,068	$ 47,465,226
Equipment trust certificates, after deducting amounts held by Trustee for payment of principal	7,542,500	8,916,665
	$ 48,816,568	$ 56,381,891
Long-Term Construction Contracts	$ —	$ 841,228
Appropriated Net Earnings (see accompanying statement)	$ 25,385,640	$ 47,984,541
Contributions and Grants (Note 3):		
Contributions from City of Chicago and County of Cook applied to operating losses	$ 3,500,000	$ —
Grants from State of Illinois applied to debt service requirements of revenue bonds and equipment trust certificates	7,000,000	—
	$ 10,500,000	$ —
Accrued Interest On Long-Term Debt, due within one year:		
Revenue bonds	$ 1,056,961	$ 1,115,037
Equipment trust certificates	24,286	28,223
	$ 1,081,247	$ 1,143,260
Other Current Liabilities:		
Accounts payable	$ 8,934,627	$ 8,001,232
Accrued wages and vacation pay (Note 10)	10,063,199	10,731,110
Deferred revenue	—	3,803,096
Unredeemed tokens	1,726,381	1,527,123
	$ 20,724,207	$ 24,062,561
Damage Reserve (Note 6)	$ 9,104,956	$ 8,963,828
	$115,612,618	$139,377,309

The accompanying notes to financial statements are an integral part of these statements.

statements of application of revenue *for the fifty-two week periods ended December 25, 1971, and December 26, 1970*

	1971	1970
Operating Revenue:		
Passenger transportation	$188,184,874	$181,643,892
Other	2,901,903	3,133,481
	$191,086,777	$184,777,373
Operating Expenses (Notes 10 and 11):		
Operations and maintenance—		
Scheduled transit operations	$100,262,685	$ 93,764,832
Maintenance and servicing	43,121,783	37,877,880
Other	7,073,064	6,837,118
Superintendence and general office	28,144,929	23,838,901
Provision for injuries and damages	9,554,339	9,238,869
Electric power for revenue equipment	4,269,179	3,932,680
Fuel for revenue equipment	3,048,962	2,816,491
Operating rentals	816,062	817,272
	$196,291,003	$179,124,043
Revenue Available (Deficiency) before revenue bond debt service requirements	$ (5,204,226)	$ 5,653,330
Revenue Bond Debt Service Requirements:		
Interest	$ 2,217,750	$ 2,393,925
Serial bond maturity fund	1,510,753	1,994,624
Sinking funds	4,283,425	3,594,447
	$ 8,011,928	$ 7,982,996
Deficiency in Revenue before depreciation (Note 1)	$ (13,216,154)	$ (2,329,666)
Depreciation Requirement—Current Period (Note 5)	(15,286,942)	(14,782,190)
Deficiency in Revenue before applying contributions and grants (Note 1)	$ (28,503,096)	$ (17,111,856)
Contributions and Grants (Note 3):		
Contributions from City of Chicago and County of Cook applied to operating losses	$ 3,500,000	$ —
Grant from State of Illinois applied to revenue bond debt service requirement	6,301,435	—
	$ 9,801,435	$ —
Deficiency in Revenue after applying contributions and grants (Note 1)	$ (18,701,661)	$ (17,111,856)
Transfers From Reserve Funds due to deficiency in revenue available for:		
Operating expenses from operating expense reserve fund	$ —	$ (94,755)
Revenue bond debt service requirements from—		
Operating expense reserve fund	—	(128,300)
Depreciation reserve fund	—	(3,044,432)
	$ —	$ (3,267,487)
Reduction in Working Capital due to deficiency in revenue available to provide for:		
Operating expenses	(1,704,226)	—
Revenue bond debt service requirements (Note 2)	(1,710,493)	(412,816)
	$ (3,414,719)	$ (3,680,303)
Deficiency in Meeting Depreciation Requirement, representing revenue not available for deposit in depreciation reserve fund (Note 5)	(15,286,942)	(13,431,553)
Deficiency in Revenue, as above	$ (18,701,661)	$ (17,111,856)

The accompanying notes to financial statements are an integral part of these statements.

statements of long-term debt *as of December 25, 1971, and December 26, 1970*

	Dec. 25, 1971	Dec. 26, 1970
Revenue Bonds (Notes 2, 4 and 5):		
Series of 1947, 3⅝% to 3¾%, due through 1978	$33,408,000	$36,077,000
Series of 1952, 4½%, due 1982	15,780,000	15,944,000
Series of 1953, 4½%, due 1982	4,950,000	5,002,000
	$54,138,000	$57,023,000
Less—Funds held by Trustee for payment of principal (see accompanying Statement of Funds)	12,863,932	9,557,774
	$41,274,068	$47,465,226
Equipment Trust Certificates (Notes 4 and 5):		
Series 10, 3.20% to 3.25%, due through 1973	$ 1,125,000	$ 1,875,000
Series 11, 3.75% to 3.90%, due through 1976	6,535,000	7,155,000
	$ 7,660,000	$ 9,030,000
Less—Funds held by Trustee for payment of principal (see accompanying Statement of Funds)	117,500	113,335
	$ 7,542,500	$ 8,916,665
	$48,816,568	$56,381,891

Debt service requirements for fiscal 1972 for the payment of principal on revenue bonds and equipment trust certificates consist of the following:

	Total	Revenue Bonds	Equipment Trust Certificates
Serial bond maturity	$1,016,129	$1,016,129	$ —
Sinking funds	5,599,953	5,599,953	—
Principal payment funds	1,423,333	—	1,423,333
	$8,039,415	$6,616,082	$1,423,333

The accompanying notes to financial statements are an integral part of these statements.

notes to financial statements

(1) Revenue of each month, after deducting operating expenses, is, in the opinion of the Authority, to be deposited in the following funds, in the order shown, to the extent that moneys are available therefor:

A. Revenue bond interest funds, serial bond maturity fund, sinking funds and revenue bond reserve funds—deposits equal to debt service requirements as provided in the Revenue Bond Trust Agreement.

B. Depreciation reserve fund—deposits equal to the monthly depreciation provision and deficiencies in prior years' deposits.

C. Revenue bond amortization fund—deposits, cumulative within the year, equal to $300,000 quarterly for the Series of 1947 and 1952 revenue bonds and $16,714 quarterly for the Series of 1953 revenue bonds.

D. Operating expense reserve fund—deposit to be not less than $900,000 each year, until the balance in the fund is equal to at least $4,000,000.

E. Municipal compensation fund—deposit to be computed in accordance with the franchise ordinance.

F. Modernization fund—deposits to be equal to the moneys remaining after making required deposits to the above funds.

Revenue bond reserve requirements were met in prior years. Amounts deposited in revenue bond reserve funds can be used only for (a) payment of principal or interest on revenue bonds whenever on any principal or interest payment date there would be insufficient moneys held by the Trustee in applicable principal, interest and other funds, or (b) retirement of remaining bonds outstanding whenever the aggregate amount in the revenue bond reserve fund, revenue bond amortization fund and sinking fund for any series is equal to the amount of applicable series bonds then outstanding.

statement of changes in appropriated net earnings *for the fifty-two week period ended December 25, 1971*

	Total	Amounts Applied for Retirement of Revenue Bonds	Deficiency in Meeting Depreciation Requirement	Other (Net)
Balance, December 26, 1970, as originally reported	$ 47,984,541	$87,534,774	$(31,509,284)	$ (8,040,949)
Adjustment to reflect cash deposits based on monthly results	—	—	(68,346)	68,346
Balance, December 26, 1970, as adjusted	$ 47,984,541	$87,534,774	$(31,577,630)	$ (7,972,603)
Deficiency in revenue before applying contributions and grants (per accompanying Statements of Application of Revenue)	$(28,503,096)	$ —	$(15,286,942)	$(13,216,154)
Retirement of Revenue Bonds:				
Gain on retirement of revenue bonds	257,171	257,171	—	—
Interest earned on investments held for—				
Sinking funds	86,824	86,824	—	—
Revenue bond reserve funds	52,985	52,985	—	—
Current requirements—				
Serial bond maturity fund	1,510,753	1,510,753	—	—
Sinking funds	4,283,425	4,283,425	—	—
Interest earned on investments held for depreciation reserve fund	36,058	—	—	36,058
Interest expense on equipment trust certificates	(323,021)	—	—	(323,021)
Net change	$(22,598,901)	$ 6,191,158	$(15,286,942)	$(13,503,117)
Balance, December 25, 1971	$ 25,385,640	$93,725,932	$(46,864,572)	$(21,475,720)

The accompanying notes to financial statements are an integral part of this statement.

(2) As set forth in the Statements of Application of Revenue, deficiencies in revenue available to provide for revenue bond debt service requirements of $1,710,493 and $412,816 in the 52-week periods ended December 25, 1971, and December 26, 1970, respectively, after applying grants and transfers from the operating expense reserve fund and the depreciation reserve fund are reflected as reductions of working capital in the accompanying financial statements.

Deposits equal to debt service requirements on revenue bonds are made at the beginning of each month from moneys on deposit in the transit revenue fund before provisions have been made for such month's operating expenses. Under the conditions prevailing during 1971 and 1970, a question of the proper legal interpretation of the Revenue Bond Trust Agreement exists as to whether such deposits for debt service should be made from the transit revenue fund or whether, instead, transfers should be made from reserve funds to provide for debt service requirements.

(3) In 1971, the Illinois General Assembly enacted the Emergency Public Transportation Assistance Act and the Transportation Bond Act. The Emergency Public Transportation Assistance Act provided for grants of $19,000,000 to the Authority for payment of principal of and interest on bonds, certificates, equipment trust certificates or other evidences of indebtedness upon receipt by the Authority of funds equal to at least 50% of such grants from the City of Chicago, County of Cook, or any other unit of local government, or combination thereof served by the Authority. The emergency state grants are to be financed from the proceeds of bonds sold under the Transportation Bond Act.

In 1971, the Authority received a $7,000,000 grant from the State of Illinois which was applied to debt service requirements after receiving from the City of Chicago and County of Cook, $3,500,000 for op-

statement of funds *for the fifty two week period ended December 25, 1971*

FUND	Balance Dec. 26, 1970, Before Transfers (Cash and U.S. Government Securities)	COLLECTED		Net Transfers Between Funds Made in 1971	Disbursements
		Revenue and Other Receipts	Interest Income		
Held By Revenue Bond Trustee:					
Transit revenue	$17,360,087	$200,871,407	$ 393,460	$(213,947,559)	$ —
Interest funds	1,146,278	—	33,379	2,188,363	(2,275,825)
Serial bond maturity . . .	1,000,000	—	63,854	1,436,146	(2,000,000)
Sinking funds	977,496	—	86,824	4,378,959	(627,829)
Revenue bond reserve funds	7,656,760	—	332,345	(345,305)	—
Depreciation reserve . . .	1,693,821	—	36,058	(1,049,983)	—
Modernization (Note 12) . .	—	—	—	3,159,162	(3,159,162)
Held By Equipment Trustee:					
For payment of interest . .	28,223	—	3,959	323,021	(330,917)
For payment of principal .	113,335	—	16,919	1,374,165	(1,386,919)
Other:					
Working cash account . . .	1,028,800	—	1,260	201,753,453	(199,275,631)
Contributions and grants . .	—	10,500,000	—	(8,748,770)	—
Damage reserve	2,725,363	—	113,800	9,478,348	(9,438,957)
Total	$33,730,163	$211,371,407	$1,081,858	$ —	$(218,495,240)

erating losses. In 1972, subsequent to the date of the auditors' report, the Authority received the remaining $12,000,000 grant from the State after receiving $6,000,000 from the City and County which was applied to operating losses.

Before giving effect to grants received in 1972, unaudited results reported for the forty weeks ended September 30, 1972, show that revenue was not sufficient to provide for operating expenses before depreciation by $21,854,813 and revenue bond debt service requirements of $6,268,083. Also, at the end of such period, unaudited reports indicate that the Authority's current liabilities exceeded its current assets and, therefore, provisions for operating expenses and debt service requirements are depleting current assets available for operating expenses and other costs incurred in prior periods.

(4) The Chicago Transit Board, in its annual budget, estimated that 1972 revenues will be insufficient to provide for operating expenses by approximately $10,335,000, principal and interest payments on the revenue bonds by $8,156,000 and provision for depreciation of $15,379,000. After adoption of this budget, new wage contracts were negotiated which are estimated to increase the estimated operating deficiency by approximately $10,000,000 and, as explained in Note 10, additional provisions for employee benefits will further increase the estimated operating deficiency by approximately $2,500,000.

(5) The trust agreement securing the revenue bonds requires the Authority to set aside monthly in the depreciation reserve fund an amount not less than 8% of revenue to provide for replacement of the transportation system, principal and interest on equipment trust certificates and, whenever revenues are insufficient, principal and interest on the revenue bonds. As set forth in the accompanying Statements of Application of Revenue, revenue was not sufficient to meet this depreciation requirement by $15,286,942 in 1971, and $13,431,553 in 1970.

Although as set forth in the accompanying Statement of Changes in Appropriated Net Earnings the cumulative deficiency in meeting the depreciation requirement amounted to $46,864,572, the Authority operates as part of its transportation system property financed in whole or in part by local, state and Federal grants, which is not reflected in its accounts, amounting to approximately $130,000,000. Also as described in Note 9, the Authority has entered into additional capital grant contracts of approximately $79,700,000.

Under the equipment trust agreement, the Authority

Balance, December 25, 1971, Before Giving Effect to Transfers to be Made Between Funds HELD AS				Balance, December 25, 1971, After Giving Effect to Transfers to be Made Between Funds CLASSIFIED AS		
Cash	U.S. Government Securities	Total	Net Transfers Between Funds to be Made After Dec. 25, 1971	Special Funds	Other Current Assets	Reduction of Long-Term Debt
$ 4,677,395	$ —	$ 4,677,395	$(4,626,033)	$ 51,362	$ —	$ —
12,227	1,079,968	1,092,195	(35,234)	1,056,961	—	—
5,829	494,171	500,000	(16,129)	—	—	483,871
3,574	4,811,876	4,815,450	(79,189)	—	—	4,736,261
3,543	7,640,257	7,643,800	—	—	—	7,643,800
29,143	650,753	679,896	—	679,896	—	—
—	—	—	—	—	—	—
795	23,491	24,286	—	24,286	—	—
3,002	114,498	117,500	—	—	—	117,500
3,493,657	14,225	3,507,882	6,040,294	—	9,548,176	—
1,751,230	—	1,751,230	(1,751,230)	—	—	—
993,774	1,884,780	2,878,554	467,521	3,346,075	—	—
$10,974,169	$16,714,019	$27,688,188	$ —	$5,158,580	$9,548,176	$12,981,432

The accompanying notes to financial statements are an integral part of this statement.

covenants that it will maintain a minimum balance ($2,268,000 at December 25, 1971) in the depreciation reserve fund as long as any certificates remain outstanding. The equipment trust agreement Trustee (subject to certain requirements which pertain to length of time a deficiency exists, proper notice, etc.) may, in the event the Authority fails to comply with the terms and covenants of the agreement, declare the unpaid principal amount of the equipment trust certificates to be due and payable and may repossess all or any part of the 572 motor buses and 493 elevated-subway cars pledged as collateral. At December 25, 1971, the balance of the depreciation reserve fund was $679,896.

Property costs aggregating $1,985,364 at December 25, 1971, chargeable in whole or in part to the depreciation reserve fund have not been charged thereto, but have reduced working capital. At December 25, 1971, the remaining balance to be paid from the depreciation reserve fund on the equipment trust certificates was $7,542,500, and of this amount, $1,423,333 is due in 1972 as well as interest of $274,690.

(6) The trust agreement securing the revenue bonds provides that the Authority shall set aside monthly in a damage reserve fund for the defense of all claims and the payment of all judgments for injuries and damages, such amounts as deemed necessary by the Chicago Transit Board. As of December 25, 1971, it is estimated that approximately 7,800 claims and suits for injuries and damages remain to be settled; the balance in the damage reserve fund is $3,346,075.

While the cost of settling such claims and suits is at best a difficult estimate, if such an estimate is based on the experience of the previous five years, the estimated cost of future settlements will approximate $10,100,000. If such an estimate is based upon 1971 costs, the estimated cost of future settlements will approximate $11,300,000. The funds to pay future settlements in excess of $3,346,075 will have to be provided from future revenues or other assets, if available.

(7) The Revenue Bond Trust Agreement and the Metropolitan Transit Authority Act provide that the Board shall fix rates and charges for transportation that shall at all times be sufficient in the aggregate to provide for the payment of all operating expenses, debt service requirements and the creation and maintenance of an adequate depreciation reserve fund. If and whenever there shall be a failure on the part of the Authority to observe any covenant

of the revenue bond trust agreement, the Trustee may institute any appropriate legal, equitable or other proceedings for the purpose of specifically enforcing such covenant, provided, however, no such proceedings shall result in a lien or a foreclosure of any physical property of the Authority.

(8) The trust agreement securing the revenue bonds provides that the Authority shall set aside monthly for pensions and retirements such amounts as deemed necessary by the Chicago Transit Board. Under its pension agreement, the Authority has agreed to contribute a fixed percentage of payroll costs to a contributory retirement plan maintained for the benefit of its employees.

The Authority's pension contribution for the 52-week period ended December 25, 1971, of $16,019,000 was equal to normal cost and interest on and a reduction of unfunded prior-service cost. Such amount reflects increased contributions of $1,960,000 because of 1971 amendments to the plan which provide for increased benefits. The actuarially computed value of vested benefits of the plan as of January 1, 1971, the date of the last actuarial valuation, exceeded the total of the assets of the plan and accruals for pensions by approximately $104,000,000.

(9) On February 23, 1972, the Authority entered into a capital grant contract with the Department of Transportation, Urban Mass Transportation Administration (DOT-UMTA). The contract provides for a grant from DOT-UMTA to finance two thirds or approximately $53,100,000 of the cost of a capital improvement project estimated to aggregate $79,700,000. In June 1972, the Authority entered into an agreement with the State of Illinois for a capital grant of up to $26,600,000 under the provisions of the Transportation Bond Act to provide the remaining one third of the estimated project cost required by the contract with DOT-UMTA.

(10) Employee benefits are distributed to functional expense classifications throughout the year at estimated rates. The increased costs of such benefits were not fully provided through the application of such rates in 1971, and therefore, will be provided and distributed to operating expenses in 1972. If such costs had been fully provided in 1971, operating expenses and accrued wages and vacation pay would have been increased approximately $2,500,000.

(11) In prior years the Authority capitalized replacements of track, electrical equipment, etc., based on "property units" as defined several years ago. Such replacements were charged to the depreciation reserve fund. In 1971, the cost of certain necessary replacements of track and associated equipment approximating $600,000, which would have been considered "property units" was charged to maintenance expense because of the restriction on funds available in the depreciation reserve fund. In the opinion of management, such emergency replacements were necessary for the proper operation and maintenance of the rapid transit system and, therefore, were operating in nature and properly classified as maintenance expense under the terms of the Revenue Bond Trust Agreement.

(12) During 1971 the Authority sold several parcels of land. In accordance with the Revenue Bond Trust Agreement, the net proceeds of $3,159,000 were deposited in the Modernization Fund. Consistent with the practice adopted in prior years, no gain was recognized on the sale since the parcels sold are a part of the remaining cost of transportation property acquired from predecessor companies. Such net proceeds were transferred to the working cash account as a reimbursement for property costs, including costs incurred in prior years, which had not been charged to the depreciation reserve or modernization funds.

event subsequent to date of auditors' report

Because of the question of the proper legal interpretation of the Revenue Bond Trust Agreement, which is described in Note 2, the Trustee has stopped purchasing revenue bonds from funds on deposit in the sinking funds. In July 1972 a complaint naming the Authority and Trustee as defendants was filed which requests, among other things, that the Trustee be directed to disburse the funds in the sinking funds in the purchase or redemption of the Authority's revenue bonds.

The complaint also requests that no funds received by the Authority under the Emergency Public Transportation Assistance Act enacted by the Illinois General Assembly in 1971 be paid into the Authority's Working Cash Account. No injunction has been issued. The Authority has used the funds received under the Emergency Public Transportation Assistance Act to the extent required, as reimbursements to the transit revenue fund and the depreciation reserve fund for debt service requirements to the extent that the monthly deposits made by the Trustee exceeded revenues available for such requirements.

statement of transportation property and organization expense

showing balance at December 26, 1970, plus additions and less retirements during 1971 and balance at December 25, 1971

	Balance Dec. 26, 1970	Gross Additions	Retirements	Balance Dec. 25, 1971
Land	$ 14,460,879	$ 10,615	$ —	$ 14,471,494
Track and Paving	14,041,614	(221,602)	96,908	13,723,104
Machinery and Tools	6,329,452	817,140	51,822	7,094,770
Electric Line Equipment	9,195,645	(33,076)	460,953	8,701,616
Buildings	37,619,115	(414,756)	406,034	36,798,325
Cars	62,859,541	3,606	141,826	62,721,321
Buses, Fare Boxes, etc.	71,252,010	(67,942)	2,956,166	68,227,902
Work Cars, Autos and Service Equipment . .	2,453,604	67,787	35,961	2,485,430
Furniture	1,783,489	47,852	666	1,830,675
Signals and Interlocking	3,159,669	31,371	371,276	2,819,764
Crossings, Fences and Signs	1,430,924	—	283	1,430,641
Elevated Structures	9,787,476	96,074	63,023	9,820,527
Substation Equipment	6,863,069	606,597	194,763	7,274,903
Substation Under Long Term Construction Contracts	1,600,000	—	758,772	841,228
Telephone and Communications	1,031,518	49,468	18,423	1,062,563
Engineering	46,623	—	—	46,623
General and Miscellaneous	7,917,060	428,436	68,606	8,276,890
Total Transportation Property	$251,831,688	$1,421,570	$5,625,482	$247,627,776
Organization Expense	85,316	—	—	85,316
Totals	$251,917,004	$1,421,570	$5,625,482	$247,713,092

(Denotes red figures)

revenue equipment

	On Hand Dec. 26, 1970	Dec. 26, 1970, to Dec. 25, 1971		On Hand Dec. 25, 1971
		Acquired	Retired	
Buses:				
Propane (1950-59)	1,293	—	106	1,187
Diesel (1950-60)	92	—	25	67
Trolley (1951-52)	314	—	40	274
Diesel (1961-69)	1,215	—	—	1,215
Propane (1963)	150	—	—	150
Diesel—Air-Conditioned (1965)	10	—	—	10
Total Buses	3,074	—	171	2,903
Rapid Transit Cars:				
Steel—Conventional Type (1922-25)	203	—	23	180
Metal—Articulated P.C.C. (1947-48)	4	—	—	4
Metal—P.C.C. (1950-60)	768	—	—	768
Metal—Air-Conditioned (1964)	180	—	—	180
Metal—Air-Conditioned (1969-70) (1)	150	—	—	150
Total Rapid Transit Cars	1,305	—	23	1,282
Total Passenger Equipment	4,379	—	194	4,185

(1) Purchased by joint City of Chicago-U.S. Department of Transportation funds for operation on the Dan Ryan and Kennedy Extensions.

mileage owned, leased, and operated *as of December 25, 1971*

	Surface System	Rapid Transit System	Combined
Track:			
Owned	1.86	169.60	171.46
Leased—			
State Street Subway	—	9.50	
Dearborn Street Subway	—	8.80	
Eisenhower Expressway (Halsted to Laramie)	—	12.83	
Lake Route (Laramie to Harlem)	—	7.15	
	—	38.28	38.28
Contributed (City and Federal)—			
Englewood Route (Loomis to Ashland)	—	1.33	
Dan Ryan Expressway (17th to 95th)	—	21.76	
Kennedy Expressway (Gale to Cornelia) and Kimball-Milwaukee Subway	—	11.33	
	—	34.42	34.42
Total	1.86	242.30	244.16
Revenue:			
Track	—	191.60	191.60
Trolley Bus Routes	149.00	—	149.00
Motor Bus Routes	1,706.00	—	1,706.00
	1,855.00	191.60	2,046.60
Non-Revenue:			
Track	(1)1.86	(2)50.70	52.56
Trolley Bus Wire	20.41	—	20.41
	22.27	50.70	72.97
Total	1,877.27	242.30	2,119.57

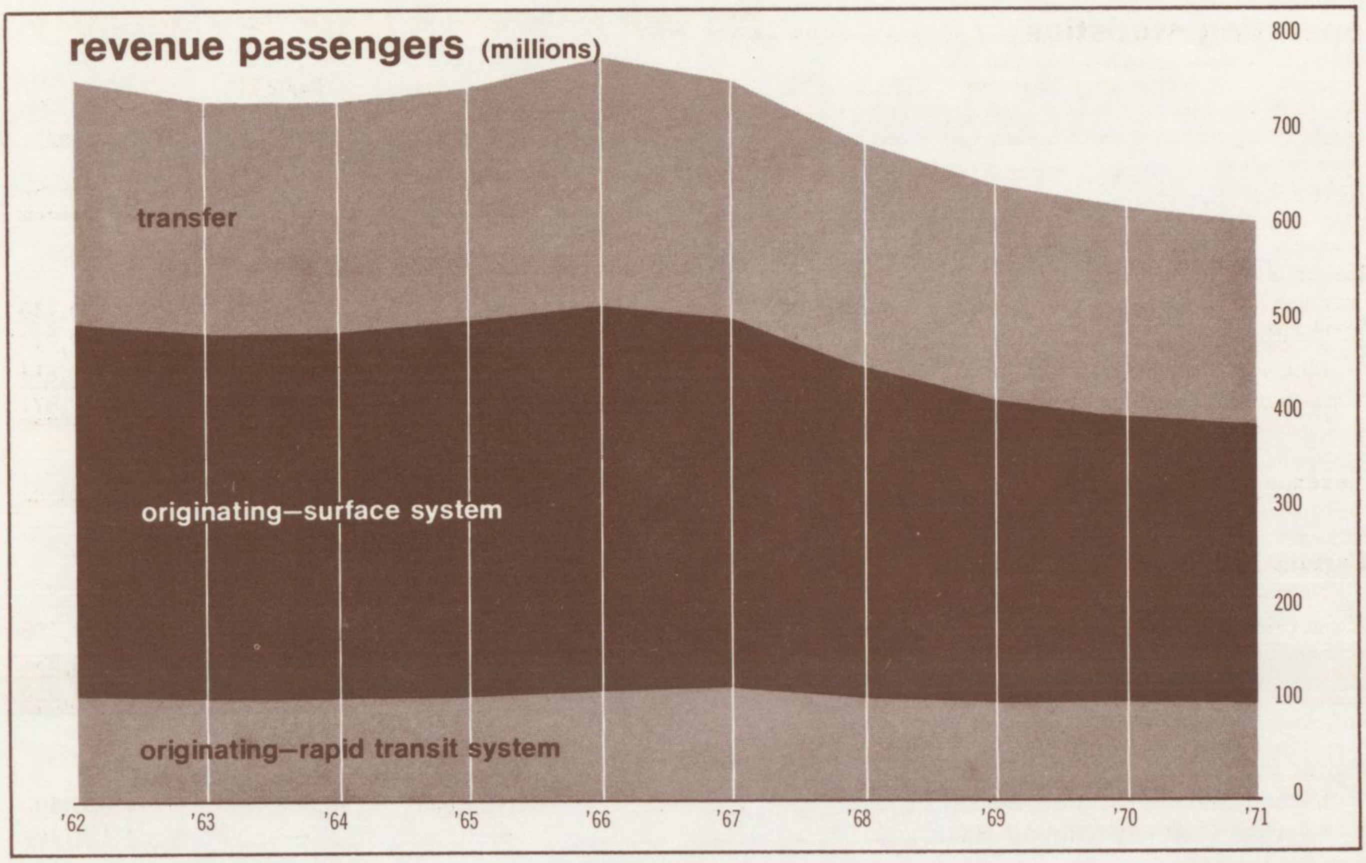
(1) *Freight track at South Shops plant and railroad connection to 84th and Wentworth.*

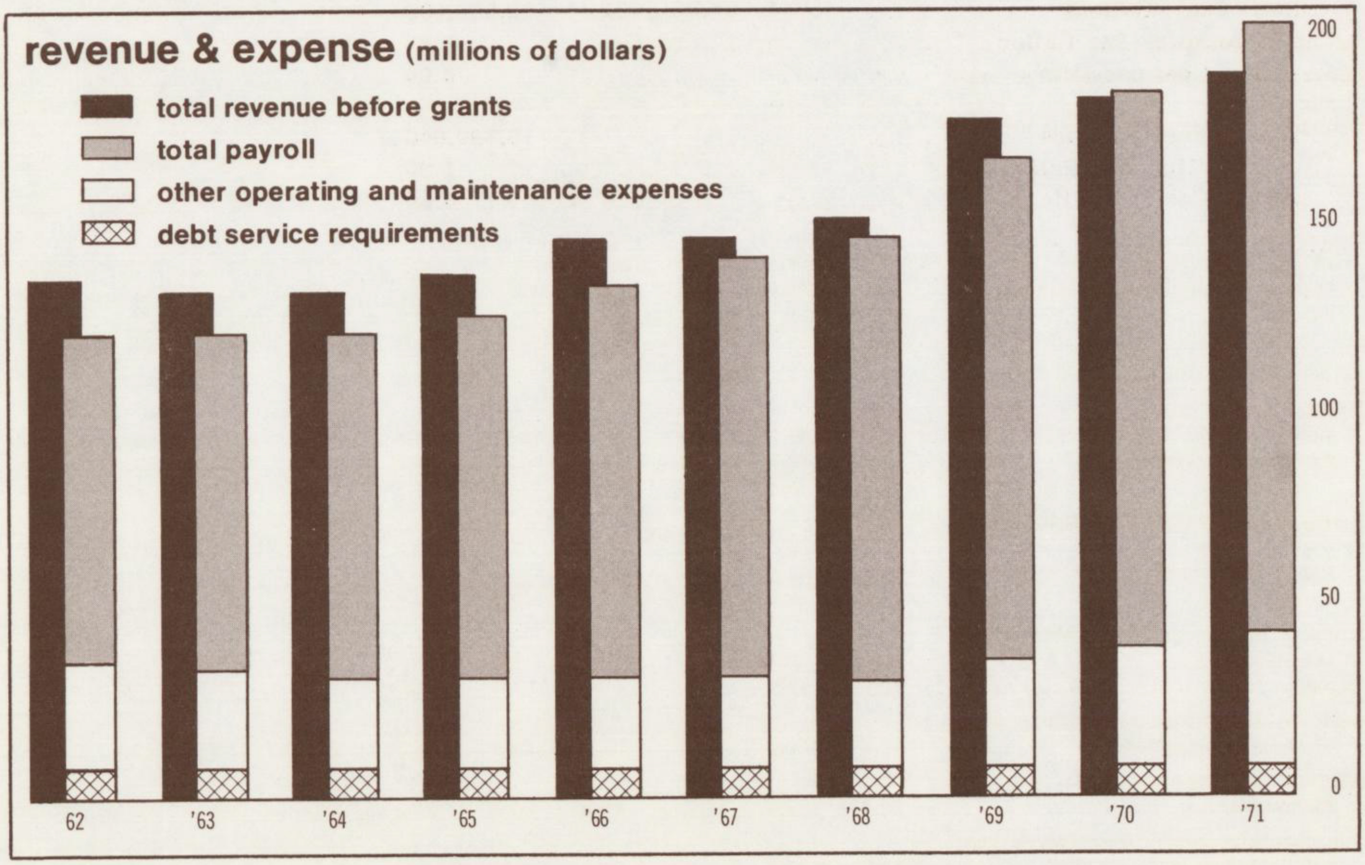
(2) *Includes main line storage track, crossovers, track in yards and shops, and 2.70 miles of freight gauntlet and yard track on North-South and Evanston routes.*

operating statistics *for fiscal year ended December 25, 1971*

	Surface System	Rapid Transit System	Combined
Revenues	$139,652,079	$51,434,698	$191,086,777
Revenue Vehicle Miles—			
Cars—Rapid Transit	—	51,069,135	51,069,135
Trolley Buses	8,767,722	—	8,767,722
Motor Buses	86,430,814	—	86,430,814
Total Revenue Vehicle Miles	95,198,536	51,069,135	146,267,671
Revenue per Vehicle Mile	$1.47	$1.07	$1.31
Earning Revenue Vehicle Hours—			
Cars—Rapid Transit	—	*(1)*	—
Trolley Buses	884,765	—	884,765
Motor Buses	8,233,231	—	8,233,231
	9,117,996	—	9,117,996
Power Statistics:			
Direct Current Kilowatt Hours	34,713,094	235,382,408	270,095,502
Average Cost per Kilowatt Hour	—	—	1.9730¢
Motor Bus Fuel Statistics:			
Diesel Fuel—Gallons	12,585,000		
Average Miles Per Gallon	3.88		
Average Cost per Mile	3.0¢		
Propane Fuel—Gallons	19,799,000		
Average Miles per Gallon	1.90		
Average Cost per Mile	4.2¢		

(1) Not available


revenue passengers (millions)
transfer
originating–surface system
originating–rapid transit system
800
700
600
500
400
300
200
100
0
'62
'63
'64
'65
'66
'67
'68
'69
'70
'71


revenue & expense (millions of dollars)
total revenue before grants
total payroll
other operating and maintenance expenses
debt service requirements
200
150
100
50
0
62
'63
'64
'65
'66
'67
'68
'69
'70
'71

ten year financial & statistical summary

Dollars, passengers and miles in millions, except where noted	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962
Passenger revenues	$181.2	$174.9	$171.9	$145.7	$140.7	$140.4	$134.4	$131.1	$131.8	$135.6
Student riding subsidy-State of Illinois	6.1	6.0	4.6	3.6	3.7	3.6	1.3	—	—	—
Other revenues	3.7	3.8	3.4	3.6	3.5	3.4	3.1	3.0	2.2	2.2
Total revenue	$191.0	$184.7	$179.9	$152.9	$147.9	$147.4	$138.8	$134.0	$134.6	$137.8
Total payroll (including employee benefits)	$161.3	$147.3	$132.0	$117.2	$109.2	$102.7	$ 95.1	$ 90.8	$ 88.5	$ 86.5
Material and supplies	9.6	8.7	8.0	7.5	7.6	7.0	6.4	5.6	5.5	5.9
Provision for injuries and damages	9.5	9.2	8.2	5.5	5.9	6.5	7.5	8.6	9.6	10.2
Power and fuel	7.3	6.8	6.4	6.3	6.5	6.6	6.4	6.2	6.6	6.8
Other operating and maintenance expenses	8.5	7.1	6.4	3.9	5.4	5.4	5.0	4.7	5.0	5.8
Total operation and maintenance expenses	$196.2	$179.1	$161.0	$140.4	$134.6	$128.2	$120.4	$115.9	$115.2	$115.2
Revenue available (deficit) before debt service	$ (5.2)	$ 5.6	$ 18.9	$ 12.5	$ 13.3	$ 19.2	$ 18.4	$ 18.2	$ 18.8	$ 22.6
Debt service requirements (revenue bonds)	8.0	7.9	8.0	8.0	8.1	8.2	8.0	8.1	8.1	8.2
Revenue available (deficit) before depreciation	$ (13.2)	$ (2.3)	$ 10.9	$ 4.5	$ 5.2	$ 11.0	$ 10.4	$ 10.1	$ 10.7	$ 14.4
Grants from City of Chicago and County of Cook for operating losses	$ 3.5	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Grant from State of Illinois for debt service	6.3	—	—	—	—	—	—	—	—	—
Net revenue available (deficit) before depreciation	$ (3.4)	$ (2.3)	$ 10.9	$ 4.5	$ 5.2	$ 11.0	$ 10.4	$ 10.1	$ 10.7	$ 14.4
Depreciation requirement (current period)	$ 15.3	$ 14.8	$ 14.4	$ 12.2	$ 11.8	$ 11.8	$ 11.1	$ 10.7	$ 10.7	$ 11.0
Balance available (deficiency)	$ (18.7)	$ (17.1)	$ (3.5)	$ (7.7)	$ (6.6)	$ (.8)	$ (.7)	$ (.6)	$ —	$ 3.4
Capital investment—										
Funds provided by CTA	$ 1.3	$ 3.6	$ 7.0	$ 5.9	$ 7.6	$ 14.3	$ 14.1	$ 22.9	$ 14.5	$ 6.6
Funds provided by federal, city, etc.	4.7	19.1	48.4	46.4	1.4	—	—	—	—	—
Total capital investment	$ 6.0	$ 22.7	$ 55.4	$ 52.3	$ 9.0	$ 14.3	$ 14.1	$ 22.9	$ 14.5	$ 6.6
Sale of real estate	$ (3.0)	$ (.1)	$ (.2)	$ —	$ (.8)	$ —	$ (.9)	$ (.2)	$ (.1)	$ (.3)
Outstanding revenue bonds-less reserves	$ 41.3	$ 47.4	$ 54.3	$ 60.4	$ 65.9	$ 71.1	$ 76.1	$ 80.8	$ 85.2	$ 89.6
Outstanding equipment trust certificates-less reserves	7.5	8.9	10.2	11.5	12.8	14.0	15.2	16.3	11.0	5.6
Total bonds and certificates outstanding	$ 48.8	$ 56.3	$ 64.5	$ 71.9	$ 78.7	$ 85.1	$ 91.3	$ 97.1	$ 96.2	$ 95.2
Revenue passengers—										
Originating-surface system	282.6	296.2	317.0	347.0	389.8	405.7	389.1	381.7	381.2	390.9
Originating-rapid transit system	103.5	105.6	103.1	110.8	120.7	117.6	114.8	112.1	111.1	114.0
Transfer	226.0	226.9	231.1	235.1	257.1	261.1	252.1	245.2	247.0	256.5
Total	612.1	628.7	651.2	692.9	767.6	784.4	756.0	739.0	739.3	761.4
Automobile registrations-Cook County	2.1	2.1	2.0	2.0	1.9	1.8	1.7	1.6	1.6	1.6
Revenue vehicle miles—										
Surface system	95.2	98.3	102.2	103.8	107.1	112.3	111.1	108.6	105.8	106.2
Rapid transit system	51.1	51.5	45.6	44.8	45.3	45.5	44.3	44.1	43.8	43.9
Total	146.3	149.8	147.8	148.6	152.4	157.8	155.4	152.7	149.6	150.1
Active passenger equipment (thousands)—										
Surface buses	2.9	3.0	3.1	3.2	3.2	3.2	3.1	3.2	3.2	3.2
Rapid transit cars	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.1
Total	4.1	4.2	4.3	4.4	4.4	4.4	4.3	4.4	4.3	4.3
Rates of fare at year end (basic adult) (see notes)	45¢	45¢*	40¢	40¢*	30¢*	25¢	25¢	25¢	25¢	25¢
Transfer charge	10¢	10¢*	5¢	5¢	5¢	5¢	5¢	5¢	5¢	5¢
Total incidents which may result in suits or claims (thousands)	17.2	19.5	22.3	22.7	23.6	22.7	21.5	21.4	22.3	23.1
Number of employees, at year end (thousands)	12.8	12.9	12.5	12.2	12.4	12.2	12.4	12.6	13.0	13.0
Bus operators hourly wage rate at year end (including cost-of-living)	$ 5.27	$ 4.78	$ 4.33	$ 4.00	$ 3.41	$ 3.29	$ 3.18	$ 3.02	$ 2.95	$ 2.86

**Fare changes effective July 8, 1970; December 19, 1968; November 5, 1967.*

Chicago Transit Authority
post office box 3555
Chicago, Illinois 60654

Chicago Transit Authority

1972 annual report

PLAYBOY
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145

contents

ten year financial & statistical summary . 1
operations review 2
financial results 3
balance sheets 6
statements of long-term debt 7
statements of accumulated earnings (deficit) 7
notes to financial statements 7
statements of income and expense 8
statement of changes in financial position . 9
statements of application of contributions and grants for operating losses and debt service 10
statement of contributed capital 10
statements of application of revenue . . . 11
statement of funds 12
revenue equipment 16
mileage owned, leased and operated . . . 16
statement of transportation property and organization expense 17
operating statistics 17

Chicago Transit Authority
twenty-eighth annual report
for the fiscal year ended December 30, 1972

Chicago Transit Board

MICHAEL CAFFERTY, Chairman (M)	Term Expires August 31, 1973*
JAMES R. QUINN, Vice Chairman (M)	Term Expires August 31, 1971**
ERNIE BANKS (G)	Term Expires August 31, 1976
WALLACE D. JOHNSON (G)	Term Expires August 31, 1975
CLAIR M. RODDEWIG (M)	Term Expires August 31, 1972**
LAWRENCE G. SUCSY (G)	Term Expires August 31, 1977
DONALD J. WALSH (M)	Term Expires August 31, 1974

M—Appointed by the Mayor of the City of Chicago.
G—Appointed by the Governor of the State of Illinois.
*—Deceased-January 17, 1973.
**—Continues to serve until a successor has been appointed and has qualified.

THOMAS B. O'CONNOR, General Manager

ten year financial & statistical summary

All figures in millions, except where noted	1972*	1971	1970	1969	1968	1967	1966*	1965	1964	1963
Passenger revenues	$178.5	$181.2	$174.9	$171.9	$145.7	$140.7	$140.4	$134.4	$131.1	$131.8
Student riding subsidy-State of Illinois	6.1	6.1	6.0	4.6	3.6	3.7	3.6	1.3	—	—
Other revenues	2.5	3.7	3.8	3.4	3.6	3.5	3.4	3.1	3.0	2.2
Total revenue	$187.1	$191.0	$184.7	$179.9	$152.9	$147.9	$147.4	$138.8	$134.1	$134.0
Total payroll (including employee benefits)	$180.9	$161.3	$147.3	$132.0	$117.2	$109.2	$102.7	$ 95.1	$ 90.8	$ 88.5
Material and supplies	9.8	9.6	8.7	8.0	7.5	7.6	7.0	6.4	5.6	5.5
Provision for injuries and damages	9.3	9.5	9.2	8.2	5.5	5.9	6.5	7.5	8.6	9.6
Power and fuel	7.6	7.3	6.8	6.4	6.3	6.5	6.6	6.4	6.2	6.6
Other operating and maintenance expenses	8.3	8.5	7.1	6.4	3.9	5.4	5.4	5.0	4.7	5.0
Total operation and maintenance expenses	$215.9	$196.2	$179.1	$161.0	$140.4	$134.6	$128.2	$120.4	$115.9	$115.2
Revenue available (deficit) before debt service	$ (28.8)	$ (5.2)	$ 5.6	$ 18.9	$ 12.5	$ 13.3	$ 19.2	$ 18.4	$ 18.2	$ 18.8
Debt service requirements (revenue bonds)	8.3	8.0	7.9	8.0	8.0	8.1	8.2	8.0	8.1	8.1
Equipment trust certificates	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	2.1	2.4
Revenue available (deficit) before depreciation	$ (38.8)	$ (14.9)	$ (4.0)	$ 9.2	$ 2.8	$ 3.5	$ 9.3	$ 8.7	$ 8.0	$ 8.3
Grants from City of Chicago and County of Cook for operating losses	$ 6.0	$ 3.5	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Grant from State of Illinois for debt service	10.0	9.0	—	—	—	—	—	—	—	—
Net revenue available (deficit) before depreciation	$ (22.8)	$ (2.4)	$ (4.0)	$ 9.2	$ 2.8	$ 3.5	$ 9.3	$ 8.7	$ 8.0	$ 8.3
Depreciation requirement (current period)	$ 15.0	$ 15.3	$ 14.8	$ 14.4	$ 12.2	$ 11.8	$ 11.8	$ 11.1	$ 10.7	$ 10.7
Balance available (deficiency)	$ (37.8)	$ (17.7)	$ (18.8)	$ (5.2)	$ (9.4)	$ (8.3)	$ (2.5)	$ (2.4)	$ (2.7)	$ (2.4)
Capital investment—										
Funds provided by CTA	$ 1.1	$ 1.3	$ 3.6	$ 7.0	$ 5.9	$ 7.6	$ 14.3	$ 14.1	$ 22.9	$ 14.5
Funds provided by federal, city, etc.	29.3	4.7	19.1	48.4	46.4	1.4	—	—	—	—
Total capital investment	$ 30.4	$ 6.0	$ 22.7	$ 55.4	$ 52.3	$ 9.0	$ 14.3	$ 14.1	$ 22.9	$ 14.5
Sale of real estate	$ 1.3	$ 3.0	$ .1	$ .2	$ —	$ .8	$ —	$ .9	$ .2	$ .1
Outstanding revenue bonds-less reserves	$ 34.8	$ 41.3	$ 47.4	$ 54.3	$ 60.4	$ 65.9	$ 71.1	$ 76.1	$ 80.8	$ 85.2
Outstanding equipment trust certificates-less reserves	6.1	7.5	8.9	10.2	11.5	12.8	14.0	15.2	16.3	11.0
Total bonds and certificates outstanding	$ 40.9	$ 48.8	$ 56.3	$ 64.5	$ 71.9	$ 78.7	$ 85.1	$ 91.3	$ 97.1	$ 96.2
Revenue passengers—										
Originating-surface system	277.1	282.6	296.2	317.0	347.0	389.8	405.7	389.1	381.7	381.2
Originating-rapid transit system	100.5	103.5	105.6	103.1	110.8	120.7	117.6	114.8	112.1	111.1
Transfer	228.4	225.0	226.9	231.1	235.1	257.1	261.1	252.1	245.2	247.0
Total	606.0	611.1	628.7	651.2	692.9	767.6	784.4	756.0	739.0	739.3
Automobile registrations-Cook County	2.2	2.1	2.1	2.0	2.0	1.9	1.8	1.7	1.6	1.6
Revenue vehicle miles—										
Surface system	95.1	95.2	98.3	102.2	103.8	107.1	112.3	111.1	108.6	105.8
Rapid transit system	50.8	51.1	51.5	45.6	44.8	45.3	45.5	44.3	44.1	43.8
Total	145.9	146.3	149.8	147.8	148.6	152.4	157.8	155.4	152.7	149.6
Active passenger equipment (thousands)—										
Surface buses	2.8	2.9	3.0	3.1	3.2	3.2	3.2	3.1	3.2	3.2
Rapid transit cars	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1
Total	4.0	4.1	4.2	4.3	4.4	4.4	4.4	4.3	4.4	4.3
Rates of fare at year end (basic adult) (see notes)	45¢	45¢	45¢ **	40¢	40¢ **	30¢ **	25¢	25¢	25¢	25¢
Transfer charge	10¢	10¢	10¢ **	5¢	5¢	5¢	5¢	5¢	5¢	5¢
Total incidents which may result in suits or claims (thousands)	13.6	17.2	19.5	22.3	22.7	23.6	22.7	21.5	21.4	22.3
Number of employees, at year end (thousands)	12.6	12.8	12.9	12.5	12.2	12.4	12.2	12.4	12.6	13.0
Bus operators hourly wage rate at year end (including cost-of-living)	$5.535	$ 5.27	$ 4.78	$ 4.33	$ 4.00	$ 3.41	$ 3.29	$ 3.18	$ 3.02	$ 2.95

**Fiscal years 1966 and 1972 were 53-week years, all others were 52 weeks.*

***Fare changes effective July 8, 1970; December 19, 1968; November 5, 1967.*

operations review

CTA serves the entire City of Chicago, providing transit service to within 3/8 mile of 99% of the city's population. CTA also provides service through 18 suburbs, to or along the border of 14 more suburbs, and within 3/8 mile of an additional four suburbs--a total of 36 suburbs.

At year end the miles of revenue bus routes totaled 1,859 and miles of revenue rapid transit track are 191.60.

The active fleet of revenue equipment at the end of 1972 totaled 3,172 buses and 1,196 rapid transit cars. New equipment acquired during the year included 524 air-conditioned diesel buses. Equipment retired included 255 buses and 86 rapid transit cars.

riding trends

A decrease in riding occurred for the year 1972, affecting originating passengers on both the surface and rapid transit systems. Passengers purchasing transfers on the surface system increased approximately 5,000,000 and decreased approximately 1,000,000 on the rapid transit system. Total revenue passengers including originating and transfer fares are 606,063,487 for 1972 and 611,113,005 for 1971, a decrease of 5,049,518 (8.26%).

Ridership losses were experienced within the two classifications of originating passengers, with the greatest percentage decrease affecting the rapid transit system where passengers are 100,468,879 in 1972 compared to 103,499,016 in 1971, a decrease of 3,030,137 (2.93%). Originating surface system passengers are 277,152,147 in 1972 compared to 282,659,169 in 1971, a decrease of 5,507,022 (1.95%).

The number of passengers purchasing transfers, entitling them to one or more additional rides over connecting CTA bus or rapid transit routes, is 228,442,910 in 1972 compared to 224,954,820 in 1971, an increase of 3,488,090 (1.50%).

vehicle miles

Combined vehicle miles operated in 1972 totaled 145,930,197, a decrease of 337,474 (0.23%) under 1971. Surface system miles operated were 95,153,625, a decrease of 44,911 (0.05%) under 1971. Rapid transit system car miles were 50,776,572, a decrease of 292,563 (0.57%) under 1971.

On each weekday during 1972 an average of 2,357 buses operated 285,536 miles and an average of 963 rapid transit cars operated approximately 164,639 miles. Average scheduled speed of buses in 1972 was 12.12 mph as compared with 12.05 mph in 1971, while the rapid transit average scheduled speed in 1972 was 24.86 mph as compared to 24.51 mph in 1971.

The slight increase in overall speed of surface operations during the year was due to intensive scheduling of the new diesel buses, CTA's first with V-8 engines, and new midday operation of Archer Express buses via the Stevenson Expy.

public safety

In 1972 CTA operating employees established the safest year in CTA's 25-year history.

The table below compares 1972 public accident experience with that of 1971, CTA's previous safest year, and with 1954, when intensive safety-training activities began.

				1972 Decrease	
	1972	1971	1954	From 1971	From 1954
Traffic accidents	6,314	6,604	16,300	4.39%	61.26%
Passenger accidents	3,210	3,592	9,678	10.63%	66.83%
Total accidents	9,524	10,196	25,978	6.59%	63.34%
Schedule miles on routes (in thousands)	141,348	144,010	164,222	1.85%	13.93%
Frequency rate—Accidents per 100,000 miles—					
Traffic accidents	4.47	4.59	9.93	2.61%	54.98%
Passenger accidents	2.27	2.49	5.89	8.84%	61.46%
Total accidents (rounded)	6.7	7.1	15.8	5.63%	57.59%

financial results

Operating revenues in 1972 decreased $4,002,846 (2.1%) under 1971. Increased wages and fringe benefits for the year account for the greater portion of the $19,612,526 (10.0%) increase in operating expenses.

Operating revenues failed to cover operating expenses by $28,819,598 for 1972 before applying grants. Also operating revenues, before applying grants, were short $8,310,267 to make deposits to the debt service funds in order to comply with the requirements of the Trust Agreement securing the Authority's revenue bonds. Revenues also failed to meet the depreciation provision requirement, resulting in a total revenue deficiency of $52,096,579 for the year 1972 before applying grants.

During 1972 the Authority received $6,000,000 from the City of Chicago and County of Cook to apply to operating losses and $13,924,762 from the State of Illinois, of which $8,310,267 was applied to meet debt service requirements on revenue bonds and the balance was applied to cover $1,710,493 debt service requirements on revenue bonds for 1971 which was not provided for in that year. In addition, the grant provided funds for equipment trust certificate debt service requirements and other contractual obligations. These grants, made possible by the enactment of an Emergency Transportation Act and Transportation Bond Act by the Illinois General Assembly, reduced the deficiency in operating expenses to $22,819,598. This deficiency was met by reducing the Authority's working capital.

Comparative results of operations for fiscal years 1972 and 1971 are shown below:

	1972	1971	Increase (Decrease)
Operating revenue	$187,083,931	$191,086,777	$ (4,002,846)
Operating expenses	215,903,529	196,291,003	19,612,526
Revenue available (deficiency) before grant and debt service	(28,819,598)	(5,204,226)	(23,615,372)
Grant from City of Chicago and County of Cook applied to operating deficiency	6,000,000	3,500,000	2,500,000
Net revenue available (deficiency) before debt service	(22,819,598)	(1,704,226)	(21,115,372)
Debt service requirements	8,310,267	8,011,928	298,339
Deficiency before grant and depreciation	(31,129,865)	(9,716,154)	(21,413,711)
Grant from State of Illinois applied to revenue bond debt service requirements*	8,310,267	6,301,435	2,008,832
Deficiency before depreciation	(22,819,598)	(3,414,719)	(19,404,879)
Depreciation requirement-current period . . .	14,966,714	15,286,942	(320,228)
Net deficiency in revenue	$ (37,786,312)	$ (18,701,661)	$(19,084,651)

*Total grant received from State of Illinois was $13,924,762 in 1972 and $7,000,000 in 1971. Application of this grant is shown as follows:

	Year Ended Dec. 31, 1972	Year Ended Dec. 31, 1971	Two Year Total
Debt service requirements—			
Revenue bonds series of 1947, 1952 and 1953 .	$ 8,201,913	$8,035,196	$16,237,109
Equipment trust certificates	1,698,025	989,406	2,687,431
Other contractual obligations	1,240,950	759,272	2,000,222
Total	11,140,888	9,783,874	20,924,762
Less—			
Grant received in 1971	—	7,000,000	7,000,000
Grant received in 1972	11,140,888	2,783,874	13,924,762
Total	11,140,888	9,783,874	20,924,762
	$ —	$ —	$ —

NOTE: In 1971 the Illinois General Assembly enacted the Emergency Public Transportation Assistance Act and the Transportation Bond Act. The Emergency Public Transportation Assistance Act provided grants to the Authority for payment of principal and interest on bonds, certificates, equipment trust certificates or other evidence of indebtedness upon receipt of funds equal to 50% of such grant from the City of Chicago, County of Cook, or any other unit of local government, or combination thereof served by the Authority. The emergency state grants were financed from the proceeds of bonds sold under the Transportation Bond Act.

The decrease in passenger revenues presented below generally reflects the declining riding habits of the general public. The surface system decline was not as great as that for the rapid transit system. Charter service revenues were down primarily due to loss of contracts with the Board of Education because of not having standard school buses and also the shortage of funds by the Chicago Committee on Urban Opportunity for summer trips for low-income family children to places of culture and amusement. Other revenues which include interest earnings from securities decreased primarily as a result of a decline in cash balances available for investment.

The comparison of operating expenses below indicates a 9.99% increase for 1972, attributed to spiraling costs arising in all categories of expense.

Operating labor hours for the fiscal year 1972 totaled 24,231,476 compared to 24,390,849 for 1971, a decrease of 159,373.

An increase of 10.86% in wages and salaries for 1972 resulted from higher hourly wage rates and cost-of-living allowances as provided in the contract negotiated December 1, 1971, with the Amalgamated Transit Union.

In August 1971 the President of the United States announced, as part of a program to hold the line on inflation, a freeze on wages. Any adjustment in wages was to be limited to a base increase of 5.5% and a fringe benefit increase of 0.7%. With the exception of the March 1 cost-of-living change, 1972 cost-of-living increases were deferred. These increases plus a subsequent arbitration award applied retroactively to December 1, 1972,

sources of revenue

	1972	1971	Increase (Decrease) Amount	Increase (Decrease) Per Cent
Passenger revenues—				
Originating surface system	$129,509,408	$131,286,830	$(1,777,422)	(1.35)
Originating rapid transit system . .	48,359,197	49,941,474	(1,582,277)	(3.17)
Student fare differential - State of Illinois reimbursement	6,155,294	6,148,892	6,402	.01)
	184,023,899	187,377,196	(3,353,297)	(1.79)
Charter service	589,747	807,678	(217,931)	(26.98)
	184,613,646	188,184,874	(3,571,228)	(1.89)
Other revenues—				
Station and car privileges	1,014,722	1,056,775	(42,053)	(3.98)
Rent of buildings and other property .	441,515	541,091	(99,576)	(18.40)
Miscellaneous	1,014,048	1,304,037	(289,989)	(22.24)
	2,470,285	2,901,903	(431,618)	(14.87)
Total operating revenue	$187,083,931	$191,086,777	$(4,002,846)	(2.09)

operating expenses

	1972	1971	Increase (Decrease) Amount	Increase (Decrease) Per Cent
Wages and salaries	$147,210,858	$132,794,246	$14,416,612	10.86
Pension contributions	19,421,701	16,064,500	3,357,201	20.90
Federal insurance contributions	6,282,619	5,349,990	932,629	17.43
Employees' insurance	8,005,749	7,108,691	897,058	12.62
Total labor costs	180,920,927	161,317,427	19,603,500	12.15
Electric power purchased	4,544,668	4,269,179	275,489	6.45
Motor bus fuel consumed	3,091,121	3,048,962	42,159	1.38
Operating material and supplies	9,755,328	9,619,225	136,103	1.41
Provision for injuries and damages . .	9,354,197	9,554,339	(200,142)	(2.09)
Misc. services, supplies, etc.	8,237,288	8,481,871	(244,583)	(2.88)
Total operating expenses	$215,903,529	$196,291,003	$19,612,526	9.99

	1972	1971	Increase (Decrease)
Claim settlements—			
Number	10,021	12,014	(1,993)
Settlement costs	$1,748,916	$2,326,886	$(577,970)
Expenses	1,560,007	1,361,752	198,255
Total cost of claims	$3,308,923	$3,688,638	$(379,715)
Suit settlements—			
Number	2,268	2,892	(624)
Settlement costs	$4,946,893	$4,274,010	$ 672,883
Expenses	1,682,320	1,450,564	231,756
Total cost of suits	6,629,213	5,724,574	904,639
Total costs	$9,938,136	$9,413,212	$ 524,924

paid in 1973, affected the bus operator's wage rate as follows:

	Basic Hourly Rate	Cost-of-Living Allowance	Total
December 25, 1971	$5.270	$ —	$5.270
1972 Changes—			
Effective March 1		0.020	0.020
June 1		0.050	0.050
September 1		0.050	0.050
December 1	0.100	0.045	0.145
	0.100	0.165	0.265
December 30, 1972	$5.370	$0.165	$5.535

The Authority's pension contribution costs for the year 1972 increased 20.90% as a result of higher employee earnings. Federal Insurance Contribution Act costs for the year 1972 increased 17.43% due to a higher taxable base ($9,000, from $7,800) and also higher earnings.

Employees' insurance increased 12.62% due to higher premiums paid and increased benefits provided by wage contracts.

Other operating costs increased primarily due to higher prices charged for materials and services.

Provision for injuries and damages decreased 2.09% due to lesser revenues. This was accrued at 5% of gross revenues for 1972.

Average cost per claim settled, excluding expenses, was $268 in 1972 compared to $300 in 1971. Suit costs, excluding expenses, averaged $2,553 in 1972 compared to $1,990 in 1971. Suit costs increased primarily because as incidents result in lawsuits, they are counted as one unit although there may be two or more plaintiffs. The number of incidents during the year totaled 13,639 compared to 17,225 for 1971.

A comparison of claim and suit settlements and applicable expenses for the years 1972 and 1971 is presented above.

Debt Service Requirements on revenue bonds for 1972 increased $298,339. Deposits to sinking funds increased $1,314,974; deposits to series of 1947 Serial Bond Maturity Fund decreased $994,624. Interest payments decreased $22,011 as a result of retirement of bonds in 1972.

Series of 1947 serial bond maturity retirements of $1,000,000 were at par. A statement of total revenue bonds retired is detailed below:

	Total Revenue Bonds Retired (Serial Maturities and Sinking Funds)	
Series	1972	Since Issue
1947	$1,000,000	$72,592,000
1952	—	7,220,000
1953	—	2,050,000
Total	$1,000,000	$81,862,000

Provision for depreciation (8% of gross revenue) decreased $320,228.

Debt service requirements were as follows:	Interest	Principal and Sinking Funds	Total
Revenue bonds	$2,195,739	$6,114,528	$ 8,310,267
Equipment trust certificates	274,690	1,423,335	1,698,025
Total	$2,470,429	$7,537,863	$10,008,292

balance sheets *as of December 30, 1972, and December 25, 1971*

exhibit I

assets

	1972	1971
TRANSPORTATION PROPERTY, at cost, including property and equipment owned by others and operated by the Authority (Note 4)	$507,555,771	$488,122,937
Less—accumulated provision for depreciation (Note 4)	171,676,711	162,442,802
	$335,879,060	$325,680,135
SPECIAL FUNDS (Exhibit IX):		
Held by revenue bond Trustee—		
Transit revenue--grant from the State of Illinois for debt service	$ 22,198	$ 51,362
Depreciation reserve (Notes 1 and 2)	327,890	679,896
Interest on revenue bonds	1,068,300	1,056,961
Held by equipment Trustee—		
Interest on equipment trust certificates	20,077	24,286
Damage reserve (Note 1)	2,762,136	3,346,075
Grant from the State of Illinois available for debt service and other contractual obligations (Exhibit VI)	970,397	—
	$ 5,170,998	$ 5,158,580
OTHER CURRENT ASSETS:		
Working cash account (Exhibit IX)	$ 3,477,286	$ 9,548,176
Accounts receivable, less reserve	3,879,311	7,986,212
Materials and supplies, at average cost, less reserve	7,155,021	6,625,242
Other	956,736	1,024,118
	$ 15,468,354	$ 25,183,748
	$356,518,412	$356,022,463

liabilities

	1972	1971
LONG-TERM DEBT, including $7,730,910 debt service requirements due within one year (Exhibit II and Notes 1 and 2):		
Revenue bonds, after deducting amounts held by Trustee for payment of principal	$ 34,821,049	$ 41,274,068
Equipment trust certificates, after deducting amounts held by Trustee for payment of principal	6,119,165	7,542,500
	$ 40,940,214	$ 48,816,568
CONTRIBUTED CAPITAL for property improvements and principal payments on debt service (Exhibit VII and Notes 3 and 4)	$281,428,031	$245,053,017
ACCUMULATED EARNINGS (Deficit) (Exhibit III and Note 3)	$ (5,775,464)	$ 31,191,106
GRANTS FROM THE STATE OF ILLINOIS for debt service and other contractual obligations--unapplied	$ 984,578	$ 51,362
ACCRUED INTEREST ON LONG-TERM DEBT, due within one year:		
Revenue bonds	$ 1,068,300	$ 1,056,961
Equipment trust certificates	20,077	24,286
	$ 1,088,377	$ 1,081,247
OTHER CURRENT LIABILITIES:		
Accounts payable	$ 11,992,399	$ 7,322,161
Accrued wages and vacation pay (Note 6)	10,784,007	10,063,199
Deferred revenue	598,912	—
Unredeemed tokens	1,950,864	1,726,381
Other contractual obligations—		
Reimbursement of cost of transportation equipment	960,694	771,238
Substation conversion costs	1,004,217	841,228
Capital improvement project deposit liability	2,040,566	—
	$ 29,331,659	$ 20,724,207
DAMAGE RESERVE (Note 1)	$ 8,521,017	$ 9,104,956
	$356,518,412	$356,022,463

The accompanying notes to financial statements are an integral part of these statements.

statements of long-term debt *as of December 30, 1972, and December 25, 1971*

exhibit II

	1972	1971
REVENUE BONDS (Note 1):		
Series of 1947, 3¾%, due 1978	$ 32,408,000	$ 33,408,000
Series of 1952, 4½%, due 1982	15,780,000	15,780,000
Series of 1953, 4½%, due through 1976	4,950,000	4,950,000
	$ 53,138,000	$ 54,138,000
Less—Funds held by Trustee for payment of principal (Exhibit IX)	18,316,951	12,863,932
	$ 34,821,049	$ 41,274,068
EQUIPMENT TRUST CERTIFICATES (Note 2):		
Series 10, 3.25%, due 1973	$ 375,000	$ 1,125,000
Series 11, 3.90%, due 1976	5,865,000	6,535,000
	$ 6,240,000	$ 7,660,000
Less—Funds held by Trustee for payment of principal (Exhibit IX)	120,835	117,500
	$ 6,119,165	$ 7,542,500
	$ 40,940,214	$ 48,816,568

The fiscal 1973 requirements for payment of principal on revenue bonds and equipment trust certificates are $6,255,077 and $1,475,833, respectively.

statements of accumulated earnings (deficit) *for the fifty-three week period ended December 30, 1972, and the fifty-two week period ended December 25, 1971*

exhibit III

	1972	1971
ACCUMULATED EARNINGS--beginning of period	$ 31,191,106	$ 47,984,541
NET LOSS FOR THE PERIOD before application of contributions and grants (Exhibit IV)	(45,906,090)	(22,598,901)
CONTRIBUTIONS AND GRANTS (Note 3)—		
Applied to 1971—		
Net loss from operations	—	3,500,000
Interest charges	—	2,305,466
Applied in the accompanying statement of income and expense to 1971—		
Net loss from operations	211,139	—
Interest charges	63,387	—
Applied to 1972—		
Net loss from operations	6,000,000	—
Interest charges	2,470,429	—
Applied to 1970 reimbursement of cost of transportation equipment	194,565	—
ACCUMULATED EARNINGS (DEFICIT)--end of period	$ (5,775,464)	$ 31,191,106

notes to financial statements

(1) TRUST AGREEMENT SECURING REVENUE BONDS:

To finance the acquisition of predecessor companies and for extending or improving the transportation system, the Chicago Transit Authority ("Authority") issued revenue bonds which were secured by a Trust Agreement with The First National Bank of Chicago, as Trustee. In this Trust Agreement the Authority covenants that, among other things, it will operate and modernize the transportation system and fix rates and charges for transportation that shall, at all times, be sufficient in the aggregate to provide for the payment of all operating expenses, debt service requirements and the creation and maintenance of an adequate depreciation reserve fund.

On January 26, 1973, the Chicago Transit Board directed the Revenue Bond Trustee to transfer to the working cash account all deposits made to the transit revenue fund, immediately upon receipt, in order to be able to pay currently, and make reasonable provision for, the cost and expenses of operation and maintenance of the transportation system. The Circuit Court of Cook County on February 6, 1973, held that the Chicago Transit Board has the authority to cause transfers for these purposes to be made. Under this procedure, transit revenue funds will not be available to pay revenue bond debt service costs and any other Trust Agreement requirements subsequent thereto in priority.

If and whenever there shall be a failure on the part of the Authority to observe any covenant of the Trust Agreement, the Trustee may institute any appropriate legal, equitable or other proceedings for the purpose of specifically enforcing such covenant, provided, however, no such proceedings shall result in a lieu or a foreclosure of any physical property of the Authority.

The Trust Agreement also prescribes the order of precedence which shall be followed in allocating the revenue of the Authority.

(A) Application of Revenue—

Revenue of each month, after deducting operating expenses, is, in the opinion of the Authority, to be deposited in the following funds, in the order shown, to the extent that moneys are available therefor:

1. Revenue bond interest funds, serial bond maturity fund, sinking funds and revenue bond reserve funds--deposits equal to debt service requirements as provided in the Trust Agreement.
2. Depreciation reserve fund--deposits equal to the monthly depreciation provision and deficiencies in prior years' deposits.
3. Revenue bond amortization fund--deposits, cumulative within the year, equal to $300,000 quarterly for the Series of 1947 and 1952 revenue bonds and $16,714 quarterly for the Series of 1953 revenue bonds.
4. Operating expense reserve fund--deposit to be not less

The accompanying notes to financial statements are an integral part of these statements.

statements of income and expense *for the fifty-three week period ended December 30, 1972, and the fifty-two week period ended December 25, 1971*

exhibit IV

	1972	1971 (Note 5)
OPERATING REVENUE:		
Passenger transportation	$184,613,646	$188,184,874
Other	2,470,285	2,901,903
	$187,083,931	$191,086,777
OPERATING EXPENSE:		
Operations and maintenance (Notes 6 and 7)—		
Scheduled transit operations	$113,601,754	$100,262,685
Maintenance and servicing	45,383,988	43,121,783
Other	7,973,078	7,073,064
Superintendence and general office—		
Scheduled transit operations	9,968,019	8,588,083
Maintenance and servicing	10,775,886	8,404,448
General and administrative	10,381,942	11,152,398
Electric power for revenue equipment	4,544,668	4,269,179
Fuel for revenue equipment	3,091,121	3,048,962
Operating rentals	828,876	816,062
Provision for injuries and damages	9,354,197	9,554,339
Provision for depreciation (Note 1)	14,966,714	15,286,942
	$230,870,243	$211,577,945
Net loss from operations	$ (43,786,312)	$ (20,491,168)
OTHER INCOME:		
Gain on retirement of revenue bonds	$ —	$ 257,171
Interest earned on investments held for—		
Sinking funds	279,247	86,824
Revenue bond reserve funds	59,244	52,985
Depreciation reserve fund	12,160	36,058
	$ 350,651	$ 433,038
INTEREST CHARGES:		
Revenue bonds	$ 2,195,739	$ 2,217,750
Equipment trust certificates	274,690	323,021
	$ 2,470,429	$ 2,540,771
Net loss for the period before application of contributions and grants	$ (45,906,090)	$ (22,598,901)
CONTRIBUTIONS AND GRANTS:		
Applied to reduce net loss from operations	$ 6,000,000	$ 3,711,139
Applied to meet interest charges	2,470,429	2,368,853
	$ 8,470,429	$ 6,079,992
Net loss for the period	$ (37,435,661)	$ (16,518,909)

than $900,000 each year, until the balance in the fund is equal to at least $4,000,000.

5. Municipal compensation fund--deposit to be computed in accordance with the franchise ordinance.

6. Modernization fund--deposits to be equal to the moneys remaining after making required deposits to the above funds.

Revenue bond reserve requirements were met in prior years. Amounts deposited in revenue bond reserve funds can be used only for (a) payment of principal or interest on revenue bonds whenever on any principal or interest payment date there would be insufficient moneys held by the Trustee in applicable principal, interest and other funds, or (b) retirement of remaining bonds outstanding whenever the aggregate amount in the revenue bond reserve fund, revenue bond amortization fund and sinking fund for any series is equal to the amount of applicable series bonds then outstanding.

(B) Operation of the Sinking Funds—

Deposits equal to debt service requirements on revenue bonds were made in 1972 and 1971 at the beginning of each month from moneys on deposit in the transit revenue fund before provisions were made for such month's operating expenses. Under conditions that have prevailed during the past few years, when operating expenses exceeded revenues, a question of the proper legal interpretation of the Trust Agreement existed as to whether such deposits for debt service should be made from the transit revenue fund or whether, instead, transfers should be made from reserve funds to provide for debt service requirements. In 1971, the Revenue Bond Trustee stopped purchasing bonds from funds on deposit in the sinking funds.

In July 1972, a complaint naming the Authority and the Revenue Bond Trustee as defendants was filed, which requested, among other things, that the Trustee be directed to disburse the funds in the sinking funds in the purchase or redemption of the Authority's revenue bonds. The complaint also requested that no funds received by the Authority from the State of Illinois under the Emergency Public Transportation Assistance Act be paid into the Authority's working cash account by virtue of any interest or principal payment made by the Authority to the Revenue Bond Trustee.

On February 6, 1973, the Circuit Court of Cook County upheld the transfers that had been made from transit revenue for debt service on the revenue bonds. The Court also directed the Revenue Bond Trustee to use the moneys accumulated in the sinking funds for the purchase and cancellation of bonds at the lowest prices reasonably obtainable. The Court further held that the Authority had properly expended the moneys received from

The accompanying notes to financial statements are an integral part of these statements.

statement of changes in financial position *for the fifty-three week period ended December 30, 1972*

exhibit V

RESULTS OF OPERATIONS:		
Net loss for the period before application of contributions and grants (Exhibit IV)		$(45,906,090)
Contributions and grants applied to reduce net loss from operations and to meet interest charges		8,470,429
Net loss for the period		$(37,435,661)
Add back—provision for depreciation which did not require the current outlay of funds (Note 1)		14,966,714
Funds used by operations		$(22,468,947)
FUNDS PROVIDED FROM SOURCES OTHER THAN OPERATIONS:		
Funds provided—		
Grants from the State of Illinois—		
For payment of principal on debt and substation conversion costs	$10,052,026	
For payment of debt service and other contractual obligations	933,216	
Grants and contributions from the Federal government and State of Illinois for capital improvement projects	26,322,988	
Net proceeds from the sale of property	1,293,945	
	$38,602,175	
Funds applied—		
Principal payments—		
Revenue bonds	$ 6,114,528	
Equipment trust certificates	1,423,335	
Additions to transportation property—		
Capital improvement projects	26,322,988	
Other	331,753	
	$34,192,604	
Net funds provided from sources other than operations		4,409,571
Net funds applied		$(18,059,376)
NET FUNDS APPLIED consist of the following changes in balance sheet accounts:		
Decrease in working cash		$ 6,070,890
Decrease in accounts receivable		4,106,901
Increase in accounts payable		4,670,238
Increase in capital improvement project deposit liability		2,040,566
Net increase in other assets		(279,658)
Net increase in other liabilities		1,450,439
		$ 18,059,376

the State of Illinois as partial reimbursement of deposits to the sinking funds, in the payment of operating expenses.

(C) Rates and Charges for Transportation—

As mentioned above, the Authority covenants that it shall fix adequate rates and charges for transportation. This requirement for adequate rates is also called for by the Metropolitan Transit Authority Act and the Equipment Trust Agreement.

In October 1972, the Chicago Transit Board authorized Senior Citizens to use the services of the Chicago Transit Authority during all operating hours upon payment of the Senior Citizen rate of fare (which is a reduced rate of fare).

(D) Depreciation—

The Trust Agreement requires the Authority to set aside monthly in the depreciation reserve fund an amount not less than 8% of revenue to provide for replacement of the transportation system, principal and interest on equipment trust certificates and, under certain circumstances, principal and interest on the revenue bonds. As set forth in the accompanying Statement of Funds, no amounts were deposited in the depreciation reserve fund from revenues in 1972 or 1971. Charges made against the fund have reduced the balance in the fund as of December 30, 1972, to $327,890.

(E) Sale of Property—

The Authority has consistently followed the practice of not recognizing any gain on the sale of property if the property being sold was part of the transportation property acquired from predecessor companies. The Authority initially deposits all proceeds from the sale of property to the transit revenue fund. After accumulating the expenses related to the particular sale, the Authority transfers the net proceeds to the modernization fund. During 1972 and 1971, the modernization fund reimbursed the working cash account for property costs, including costs incurred in prior years, which had not previously been charged to the depreciation reserve or modernization funds.

(F) Pension Plan—

The Authority has agreed to contribute a fixed percentage of payroll costs to a contributory retirement plan maintained for the benefit of all its employees. The Authority's pension contributions for the fifty-three week period ended December 30, 1972, and the fifty-two week period ended December 25, 1971, of $19,346,000 and $16,019,000, respectively, were equal to normal cost plus interest on, and a reduction of, unfunded prior-service liability. The actuarially computed value of vested benefits of the plan as of January 1, 1972, the date of the last actuarial valuation, exceeded the total of the assets of the plan and accruals for pensions by approximately $112,000,000.

(G) Damage Reserve—

The Trust Agreement provides that the Authority shall set aside monthly, in a damage reserve fund for the defense of all claims and the payment of all judgments for injuries and dam-

The accompanying notes to financial statements are an integral part of this statement.

statements of application of contributions and grants for operating losses and debt service

exhibit VI

for the fifty-three week period ended December 30, 1972, and the fifty-two week period ended December 25, 1971

	1972	1971
CONTRIBUTIONS RECEIVED to meet operating losses:		
City of Chicago	$ 3,000,000	$ 2,000,000
County of Cook	3,000,000	1,500,000
GRANTS RECEIVED from the State of Illinois to meet debt service requirements on revenue bonds, equipment trust certificates and other contractual obligations	13,924,762	7,000,000
Total contributions and grants received	$19,924,762	$10,500,000
GRANTS RECEIVED IN PRIOR PERIOD for debt service which were unapplied in that period	51,362	—
	$19,976,124	$10,500,000
APPLIED TO MEET:		
Operating losses	$ 6,000,000	$ 3,500,000
Debt service requirements for 1971 (Note 3)—		
Revenue bond principal payments	1,570,008	4,147,688
Revenue bond interest payments	33,201	2,153,747
Equipment trust certificates principal payments	312,017	495,484
Equipment trust certificates interest payments	30,186	151,719
Debt service requirements for 1972—		
Revenue bond principal payments	6,114,528	—
Revenue bond interest payments	2,195,739	—
Equipment trust certificates principal payments	1,423,335	—
Equipment trust certificates interest payments	274,690	—
Other contractual obligations—		
1970 transportation equipment costs	194,565	—
1971 transportation equipment costs	211,139	—
1971 substation conversion costs	632,138	—
Total amount of contributions and grants applied	$18,991,546	$10,448,638
GRANTS UNAPPLIED at the end of the period	$ 984,578	$ 51,362
UNAPPLIED GRANTS TRANSFERRED to the transit revenue fund at the end of the period in order to pay debt service requirements in the subsequent period	22,198	51,362
UNAPPLIED GRANT, available to meet other contractual obligations, remaining in the contributions and grants fund at the end of the period	$ 962,380	$ —
INTEREST INCOME ON UNEXPENDED GRANT for other contractual obligations, to be used for payment of debt service	8,017	—
BALANCE IN CONTRIBUTIONS AND GRANTS FUND at the end of period available for debt service and other contractual obligations	$ 970,397	$ —

statement of contributed capital

for the fifty-three week period ended December 30, 1972

exhibit VII

	Balance Beginning of Period (Notes 3 and 4)	Additions During the Period	Balance End of Period
CONTRIBUTIONS FOR PROPERTY IMPROVEMENTS:			
Federal	$107,228,692	$17,601,685	$124,830,377
City of Chicago	116,153,048	—	116,153,048
State of Illinois	7,538,805	8,721,303	16,260,108
County of Cook	2,548,335	—	2,548,335
Other	6,940,965	—	6,940,965
Total contributions for property improvements	$240,409,845	$26,322,988	$266,732,833
GRANTS FROM STATE OF ILLINOIS:			
For payment of principal on revenue bonds and equipment trust certificates	$ 4,643,172	$ 9,419,888	$ 14,063,060
For payment of substation conversion costs	—	632,138	632,138
Total grants from State of Illinois for principal payments and conversion costs	$ 4,643,172	$10,052,026	$ 14,695,198
Total contributed capital	$245,053,017	$36,375,014	$281,428,031

The accompanying notes to financial statements are an integral part of these statements.

statements of application of revenue *(in accordance with the Revenue Bond Trust Agreement)*

exhibit VIII

for the fifty-three week period ended December 30, 1972, and the fifty-two week period ended December 25, 1971

	1972 (Note 1)	1971 (Note 1)
OPERATING REVENUE	$187,083,931	$191,086,777
OPERATING EXPENSE, exclusive of the provision for depreciation (Exhibit IV)	215,903,529	196,291,003
Net loss from operations, exclusive of provision for depreciation	$ (28,819,598)	$ (5,204,226)
REVENUE BOND DEBT SERVICE REQUIREMENTS:		
Interest	$ (2,195,739)	$ (2,217,750)
Serial bond maturity fund	(516,129)	(1,510,753)
Sinking funds	(5,598,399)	(4,283,425)
	$ (8,310,267)	$ (8,011,928)
DEFICIENCY IN OPERATING REVENUE before depreciation	$ (37,129,865)	$ (13,216,154)
DEPRECIATION REQUIREMENT--current period	(14,966,714)	(15,286,942)
DEFICIENCY IN OPERATING REVENUE before application of contributions and grants	$ (52,096,579)	$ (28,503,096)
CONTRIBUTIONS AND GRANTS (Exhibit VI):		
Applied to reduce operating losses	$ 6,000,000	$ 3,711,139
Applied to revenue bond debt service requirements	8,310,267	7,904,644
	$ 14,310,267	$ 11,615,783
DEFICIENCY IN REVENUE after application of contributions and grants	$ (37,786,312)	$ (16,887,313)

ages, such amounts as deemed sufficient by the Chicago Transit Board. As of December 30, 1972, it is estimated that approximately 4,700 claims and suits for injuries and damages remain to be settled. The balance in the damage reserve fund is $2,762,136.

While determining the cost of unsettled claims and suits as of December 30, 1972, is, at best, a difficult estimate, if such an estimate is based on the experience of the previous five years, the estimated cost of future settlements will approximate $9,000,000. If such an estimate is based upon 1972 experience, the estimated cost of future settlements will approximate $11,200,000. The amounts to pay future settlements in excess of the balance in the fund would have to be provided from future revenue or other sources.

(2) EQUIPMENT TRUST AGREEMENT:

In May 1973, the Authority paid the rental payments which were then due with a portion of the grants received in 1973 from the state and local governments (see Note 3). Subsequently, the Equipment Trustee, Harris Trust and Savings Bank, notified the Authority that the rental payments due March 1, 1973, as well as the rental payments due April 1, 1973, and May 1, 1973, were received and, therefore, the conditions of default created by the nonpayment of rent for March, April and May 1973 no longer exist.

By virtue of these rental payments, there is now on deposit with the Equipment Trustee the required amount needed to pay principal and interest due June 1, 1973, which means that the Series 10 Trust Certificates should be completely retired on that date.

Under the Equipment Trust Agreement, the Authority covenants that it will maintain a minimum balance ($2,268,000 at December 30, 1972) in the depreciation reserve fund as long as any equipment trust certificates remain outstanding. At December 30, 1972, the balance of the depreciation reserve fund was $327,890.

In the event the Authority fails to comply with the terms and covenants of the Equipment Trust Agreement, the Equipment Trustee (subject to certain requirements which pertain to length of time a deficiency exists, proper notice, etc.) may declare the unpaid principal amount of the equipment trust certificates to be due and payable and may repossess all or part of the 573 motor buses and 493 elevated-subway cars pledged as collateral.

At December 30, 1972, the remaining principal amount to be paid from the depreciation reserve fund on the equipment trust certificates was $6,119,165 and, of this amount, $1,475,833, together with interest of $223,429, is due in 1973. In addition, property costs aggregating $195,878 at December 30, 1972, chargeable in whole or in part to the depreciation reserve fund have not been charged thereto but have reduced working capital.

The Equipment Trustee has been retaining the interest earned on funds left on deposit with the Trustee as additional security for the equipment trust certificates. The Authority has recorded the interest earned as income and as a receivable from the Trustee.

(3) CONTRIBUTIONS AND GRANTS FOR OPERATING LOSSES AND DEBT SERVICE:

During 1971 and 1972, the Authority received grants from the State of Illinois under the Emergency Public Transportation Assistance Act. The grants were provided for the payment of principal of, and interest on, bonds, certificates, equipment trust certificates or other evidence of indebtedness. As indicated in the accompanying statements, the Authority applied a portion of the grants received in 1972 as reimbursement for payments made in 1971 for debt service requirements and other contractual obligations. The Authority also received, in 1971 and 1972, contributions from the City of Chicago and County of Cook for operating losses.

That portion of the grants received from the State of Illinois applied to meet principal payments on the revenue bonds and equipment trust certificates and substation conversion costs is included as part of contributed capital in the accompanying balance sheets. The remaining portion of the grants from the State of Illinois applied to meet interest payments on revenue bonds and equipment trust certificates and payments of the City of Chicago for reimbursement of cost of transportation equipment and the local contributions to meet operating losses is in-

The accompanying notes to financial statements are an integral part of these statements.

statement of funds *for the fifty-three week period ended December 30, 1972*

exhibit IX

	Funds Held by Revenue			
	Transit Revenue	Interest Funds	Serial Bond Maturity	Sinking Funds (Note 1)
BALANCE OF CASH AND U.S. GOVERNMENT SECURITIES, at cost, at beginning of period	$ 4,677,395	$ 1,092,195	$ 500,000	$ 4,815,450
ADD—receipts:				
Fare box receipts	$ 158,990,705	$ —	$ —	$ —
Sale of tokens	19,019,105	—	—	—
State reimbursement for student fare reductions	9,100,000	—	—	—
Federal, state and other capital improvement project grants	28,845,877	—	—	—
Contributions and grants for debt service and operating losses	—	—	—	—
Sale of property (Note 1)	1,296,470	—	—	—
Income on investments	—	38,930	25,952	279,247
Other receipts	7,760,157	—	—	—
Total receipts	$ 225,012,314	$ 38,930	$ 25,952	$ 279,247
ADD (Deduct)—interfund transfers:				
Related to debt service requirements—				
From state grants	$ 10,753,291	$ —	$ —	$ —
From transit revenue	(8,201,913)	2,166,280	500,000	5,535,633
From depreciation reserve	—	—	—	—
From working cash	—	—	—	—
For injuries and damages	—	—	—	—
Held by equipment Trustee for additional security	—	—	—	—
For operating losses	7,751,230	—	—	—
Transfer of income on investments	576,599	(38,930)	(25,952)	59,244
For reimbursement of current expenditures	(238,096,658)	—	—	—
Net transfers	$(227,217,451)	$ 2,127,350	$ 474,048	$ 5,594,877
Total available before disbursements	$ 2,472,258	$ 3,258,475	$ 1,000,000	$10,689,574
DEDUCT—disbursements:				
For debt service on revenue bonds	$ —	$(2,184,400)	$(1,000,000)	$ —
For debt service on equipment trust certificates	—	—	—	—
For current expenditures	—	—	—	—
Total disbursements	$ —	$(2,184,400)	$(1,000,000)	$ —
BALANCE OF CASH AND U.S. GOVERNMENT SECURITIES, at cost, at end of period	$ 2,472,258	$ 1,074,075	$ —	$10,689,574
ADD (Deduct)—adjustment of interfund transfers, from transit revenue related to debt service requirements, to reflect that portion of state grants for debt service which was not needed to meet debt service requirements for the period	$ 22,198	$ (5,775)	$ —	$ (16,423)
ADD (Deduct)—interfund transfers to be made after end of period:				
Net proceeds from the sale of property to working cash account	$ (1,293,945)	$ —	$ —	$ —
Net proceeds from the sale of property to modernization fund (Note 1)	—	—	—	—
Reimbursement for capital expenditures made from working cash account (Note 1)	—	—	—	—
For injuries and damages	—	—	—	—
From equipment trust accounts representing income on investments	—	—	—	—
Equivalent to payments made from depreciation reserve fund for equipment trust debt service and transit revenue for other debt obligations	1,162,544	—	—	—
Reimbursement for expenditures	(2,340,857)	—	—	—
Net transfers to be made	$ (2,472,258)	$ —	$ —	$ —
BALANCE AT END OF PERIOD, after adjustment and transfers	$ 22,198	$ 1,068,300	$ —	$10,673,151
CLASSIFIED IN THE ACCOMPANYING BALANCE SHEET AS:				
Special funds	$ 22,198	$ 1,068,300	$ —	$ —
Other current assets	—	—	—	—
Reduction of long-term debt	—	—	—	10,673,151
	$ 22,198	$ 1,068,300	$ —	$10,673,151

Bond Trustee			Funds Held by Equipment Trustee			Other Funds		
Revenue Bond Reserve Funds	Depreciation Reserve	Modernization (Note 1)	For Payment of Interest	For Payment of Principal	Additional Security Account (Note 2)	State and Local Contributions and Grants (Exhibit VI)	Damage Reserve	Working Cash Account
$7,643,800	$ 679,896	$ —	$ 24,286	$ 117,500	$ 53,568	$ 1,751,230	$ 2,878,554	$ 3,507,882
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	19,924,762	—	—
—	—	—	—	—	—	—	—	—
416,190	12,160	—	3,115	16,114	—	77,457	89,139	775
—	—	—	—	—	—	—	—	—
$ 416,190	$ 12,160	$ —	$ 3,115	$ 16,114	$ —	$ 20,002,219	$ 89,139	$ 775
$ —	$ 886,816	$ —	$ —	$ —	$ —	$(11,804,421)	$ —	$ 164,314
—	—	—	—	—	—	—	—	—
—	(1,698,025)	—	274,690	1,423,335	—	—	—	—
—	447,043	—	—	—	—	—	—	(447,043)
—	—	—	—	—	—	—	8,504,763	(8,504,763)
—	—	—	(3,115)	(16,114)	19,229	—	—	—
—	—	—	—	—	—	(7,751,230)	—	—
(416,190)	—	—	—	—	—	(64,857)	(89,139)	(775)
—	—	—	—	—	—	—	(3,067,120)	241,163,778
$ (416,190)	$ (364,166)	$ —	$ 271,575	$ 1,407,221	$(19,229)	$ 19,620,508	$ 5,348,504	$ 232,375,511
$7,643,800	$ 327,890	$ —	$ 298,976	$ 1,540,835	$ 72,797	$ 2,132,941	$ 8,316,197	$ 235,884,168
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	(278,899)	(1,420,000)	—	—	—	—
—	—	—	—	—	—	—	(6,841,044)	(234,754,701)
$ —	$ —	$ —	$(278,899)	$(1,420,000)	$ —	$ —	$(6,841,044)	$(234,754,701)
$7,643,800	$ 327,890	$ —	$ 20,077	$ 120,835	$ 72,797	$ 2,132,941	$ 1,475,153	$ 1,129,467
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,293,945
—	—	1,293,945	—	—	—	—	—	(1,293,945)
—	—	(1,293,945)	—	—	—	—	—	1,293,945
—	—	—	—	—	—	—	1,520,121	(1,520,121)
—	—	—	—	—	(72,797)	—	—	—
—	—	—	—	—	—	(1,162,544)	—	—
—	—	—	—	—	—	—	(233,138)	2,573,995
$ —	$ —	$ —	$ —	$ —	$(72,797)	$ (1,162,544)	$ 1,286,983	$ 2,347,819
$7,643,800	$ 327,890	$ —	$ 20,077	$ 120,835	$ —	$ 970,397	$ 2,762,136	$ 3,477,286
$ —	$ 327,890	$ —	$ 20,077	$ —	$ —	$ 970,397	$ 2,762,136	$ —
—	—	—	—	—	—	—	—	3,477,286
7,643,800	—	—	—	120,835	—	—	—	—
$7,643,800	$ 327,890	$ —	$ 20,077	$ 120,835	$ —	$ 970,397	$ 2,762,136	$ 3,477,286

The accompanying notes to financial statements are an integral part of this statement.

cluded as a reduction of the accumulated deficit. In 1971, contributions and grants received for operating losses and debt service interest requirements ($5,805,466 at December 25, 1971) were classified separately on the balance sheet. Accumulated earnings for the period ended December 25, 1971, have been restated to include such contributions and grants.

In May 1973, the Authority received an Emergency Transportation Operation Grant in the amount of $12,600,000 from the State of Illinois. In April 1973, the City of Chicago and County of Cook had contributed matching grants, required by the legislation providing for the state grant, totaling $6,300,000.

The state and local grants are to be used for operating expenses, including principal and interest payments applicable to equipment trust certificates, but shall not be used for debt service on revenue bonds. Also, such grants shall not be subject to the terms of the Chicago Transit Authority Revenue Bond Trust Agreement dated July 1, 1947, as amended.

Under the terms of the legislation providing for the state grant, the operating expenses must be approved by the Secretary of Transportation. If the Authority does not have an operating deficit, as determined by the Secretary of Transportation for the period January 1, 1973, through June 30, 1973, including as revenue its grants from the state and from units of local government, the Authority shall repay to the state and to the granting local government units, in the same proportion as the grants provided, the amount by which it does not have an operating deficit.

(4) CONTRIBUTED PROPERTY:

The Authority has been granted by the City Council of the City of Chicago the exclusive right to operate a transportation system for the transportation of passengers within the City of Chicago. Included in the transportation system operated by the Authority are certain facilities owned by others. The Authority has the exclusive right to operate these facilities under the terms of the authorizing legislation and various long-term lease and other agreements.

In 1972, the Authority changed its accounting policies to reflect in its accounts, as contributed property, facilities which it has the exclusive right to operate. Accordingly, the financial statements as of December 25, 1971, have been restated to reflect such property, amounting to approximately $240,400,000, which includes approximately $229,000,000 of facilities owned by others.

The additional property recorded is stated at original cost. No provision has been made to reflect the effect, if any, of depreciation which might have occurred since the property was initially placed in service. The original cost reflected in the accounts of the Authority has been obtained from various sources, including reports of the City of Chicago, project status reports prepared by various agencies, contracts, bills of sale and in other instances from original invoices. This documentation is not complete; consequently, in 1973, the Authority plans to initiate a program to obtain the necessary documentary support for the original cost of such property.

The provision for depreciation as reflected in the accompanying financial statements is equal to 8% of revenues. As pointed out in Note 1, 8% of revenues is the minimum provision required by the Trust Agreement. No consideration has been given to the possible effect that depreciating the contributed property would have on the accumulated provision for depreciation. The Authority is presently studying the various methods which might be adopted regarding depreciating all of the property operated by the Authority.

As indicated in the accompanying Statement of Contributed Capital (Exhibit VII), a substantial portion of the property previously not recorded was financed by the City of Chicago. The Chicago Transit Authority Ordinance provides that no disbursements, with certain exceptions, made by the City from the City Traction Fund or from the City Transit Fund shall be included in the property account of the Authority. In the opinion of management, recording of this property is desirable to reflect the scope of the Authority's operations and by specifically designating the accounts in which this property is recorded as being contributed property operated but not owned by the Authority that they have complied with the Chicago Transit Authority Ordinance.

The property recorded includes the State Street and Dearborn Street subways, Congress, Dan Ryan and Kennedy Expressway Rapid Transit facilities and other property including the amounts expended under the present Federally and state funded capital improvement projects.

The Authority has entered into a capital grant contract with the Department of Transportation, Urban Mass Transportation Administration (DOT-UMTA) and with the State of Illinois under the Transportation Bond Act. DOT-UMTA will finance two thirds or approximately $93,580,000 with the State of Illinois financing one third or approximately $46,790,000. Substantial commitments have been entered into by the Authority in connection with this grant.

Certain provisions of the agreements giving the Authority the right to use or operate these facilities provide that proceeds from the sale of the financed property must be returned to the grantors. However, in certain instances, the sale proceeds can be used to replace the property sold.

(5) RESTATEMENT OF THE NET LOSS FOR 1971:

As explained in Note 3, during 1972 the Authority received grants from the State of Illinois to meet debt service requirements and other contractual obligations. A portion ($274,526) of the grant received in 1972 was applied by the Authority as reimbursement for interest payments made in 1971 on revenue bonds and equipment trust certificates and for payments to the City of Chicago for reimbursement of cost of transportation equipment. The net loss for the fifty-two week period ended December 25, 1971, as shown in the accompanying financial statements has been restated to reflect that portion of the 1972 grant applied to reduce the 1971 loss.

(6) EMPLOYEE BENEFITS DISTRIBUTION:

Employee benefits are distributed to functional expense classifications throughout the period at estimated rates. The increased costs of such benefits were not fully provided through the application of such rates in 1971 and, therefore, the 1972 rates were increased to distribute that portion not previously provided for to operating expenses in 1972. If such costs had been fully provided for when incurred, operating expenses for 1971 would have been increased approximately $2,500,000 and, correspondingly, operating expenses for 1972 would have been reduced by the same amount.

(7) EXPENSING OF PROPERTY REPLACEMENTS:

The Authority follows the practice of capitalizing replacements of track, electrical equipment, etc., based on "property units" as defined several years ago. Such replacements are to be charged to the depreciation reserve fund. During 1971, however, the cost of certain necessary replacements of track and associated equipment approximating $600,000, which would have normally been considered "property units," was charged to maintenance expense because of the restriction on funds available in the depreciation reserve fund. In the opinion of management, such emergency replacements were necessary for the proper operation and maintenance of the rapid transit system and, therefore, were operating in nature and properly classified as maintenance expense under the terms of the Trust Agreement.

To Chicago Transit Board of Chicago Transit Authority:

We have examined the balance sheets and statements of long-term debt of CHICAGO TRANSIT AUTHORITY ("Authority") (an Illinois municipal corporation) as of December 30, 1972, and December 25, 1971, and the related statements of accumulated earnings (deficit), income and expense, application of contributions and grants for operating losses and debt service and application of revenue for the fifty-three week and fifty-two week periods, respectively, then ended. We have also examined the statements of changes in financial position, contributed capital and funds for the fifty-three week period ended December 30, 1972. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except as explained in a following paragraph regarding property and equipment owned by others.

As indicated in the accompanying financial statements and in the notes thereto, the Authority has significant financial problems. The recovery of the cost of its transportation property, materials and supplies and other assets and, therefore, its ability to meet its obligations and to comply with the terms of the revenue bond and equipment trust agreements depend upon adequate revenues or funds from other sources. Revenues were not adequate for the fifty-three week period ended December 30, 1972, and the fifty-two week period ended December 25, 1971; however, the Authority did receive contributions and grants for operating losses and debt service from local and state governments. As explained in Note 3 to the financial statements, grants for operating expenses for the period January 1, 1973, through June 30, 1973, have been received from local and state governments.

As explained in Note 4 to the financial statements, the Authority, in 1972, changed its accounting policies to reflect in its accounts approximately $229,000,000 of property and equipment, owned by others, which it has the exclusive right to operate. The documentation utilized to determine the original cost of this property as reflected in the accounts is not complete and management has informed us that it plans to initiate a program to obtain the necessary support for the original cost of such property and has requested that we not examine these accounts until such study is completed. No provision has been made for depreciation, if any, which may have occurred since such property was placed in service, and, as noted, there is a question as to whether the Authority can include certain property financed by the City of Chicago in the property account of the Authority.

Because of the significance of the matters referred to in the preceding paragraphs, we are unable to express an opinion on the accompanying financial statements taken as a whole. In our opinion, however, the balances of cash and U.S. Government securities, as of December 30, 1972, and December 25, 1971, reflected in the statement of funds represent the amounts of cash and U.S. Government securities held in the various funds. Also, in our opinion, the amounts shown in the accompanying balance sheets for accounts receivable, grant from the State of Illinois for other contractual obligations--unapplied, accrued interest on long-term debt, the amounts listed under other current liabilities and the amounts shown in the accompanying statements of income and expense for operating revenue, operating expense (except for the provision for depreciation and the matter described in Note 6), other income, interest charges and contributions and grants, and the statements of application of contributions and grants for operating losses and debt service are presented fairly, in conformity with generally accepted accounting principles and/or as specifically provided in the revenue bond trust agreement consistently applied, except as indicated in Note 7, during the periods.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
May 24, 1973.

revenue equipment

	On Hand Dec. 25, 1971	Dec. 25, 1971, to Dec. 30, 1972		On Hand Dec. 30, 1972
		Acquired	Retired	
BUSES:				
Propane (1950-59)	1,187	–	180	1,007
Diesel (1950-60)	67	–	49	18
Trolley (1951-52)	274	–	26	248
Diesel (1961-69)	1,215	–	–	1,215
Propane (1963)	150	–	–	150
Diesel—Air-Conditioned (1965)	10	–	–	10
Diesel—Air-Conditioned (1972)	–	524	–	524
Total Buses	2,903	524	255	3,172
RAPID TRANSIT CARS:				
Steel—Conventional Type (1922-25)	180	–	86	94
Metal—Articulated P.C.C. (1947-48)	4	–	–	4
Metal—P.C.C. (1950-60)	768	–	–	768
Metal—Air-Conditioned (1964)	180	–	–	180
Metal—Air-Conditioned (1969-70) [1]	150	–	–	150
Total Rapid Transit Cars	1,282	–	86	1,196
Total Passenger Equipment	4,185	524	341	4,368

[1] Purchased by Joint City of Chicago-U.S. Department of Transportation Funds for Operation on the Dan Ryan and Kennedy Extensions.

mileage owned, leased, and operated *as of December 30, 1972*

	Surface System	Rapid Transit System	Combined
TRACK:			
Owned	1.86	169.60	171.46
Leased—			
State Street Subway	—	9.50	
Dearborn Street Subway	—	8.80	
Eisenhower Expressway (Halsted to Laramie)	—	12.83	
Lake Route (Laramie to Harlem)	—	7.15	
	—	38.28	38.28
Contributed (City and Federal)—			
Englewood Route (Loomis to Ashland)	—	1.33	
Dan Ryan Expressway (17th to 95th)	—	21.76	
Kennedy Expressway (Gale to Cornelia) and Kimball-Milwaukee Subway	—	11.33	
	—	34.42	34.42
Total	1.86	242.30	244.16
REVENUE:			
Track	—	191.60	191.60
Trolley Bus Routes	149.00	—	149.00
Motor Bus Routes	1,710.00	—	1,710.00
	1,859.00	191.60	2,050.60
NON-REVENUE:			
Track	[1] 1.86	[2] 50.70	52.56
Trolley Bus Wire	20.41	—	20.41
	22.27	50.70	72.97
Total	1,881.27	242.30	2,123.37
NUMBER OF RAPID TRANSIT STATIONS			149

[1] Freight track at South Shops plant and railroad connection to 84th and Wentworth.

[2] Includes main line storage track, crossovers, track in yards and shops, and 2.70 miles of freight gauntlet and yard track on North-South and Evanston routes.

statement of transportation property and organization expense

showing balance at December 25, 1971, plus additions and less retirements during 1972 and balance at December 30, 1972

	Balance Dec. 25, 1971	Gross Additions	Retirements	Balance Dec. 30, 1972
Land	$ 14,471,494	$ 14,832	$ 301,045	$ 14,185,281
Track and Paving	13,723,104	(70,035)	3,624	13,649,445
Machinery and Tools	7,094,770	75,150	25,265	7,144,655
Electric Line Equipment	8,701,616	98,830	378,923	8,421,523
Buildings	36,798,325	199,731	349,802	36,648,254
Cars	62,721,321	4,620	527,926	62,198,015
Buses, Fare Boxes, etc.	68,223,902	173,922	5,065,540	63,336,284
Work Cars, Autos and Service Equipment	2,485,430	11,497	117,396	2,379,531
Furniture	1,830,675	56,963	1,450	1,886,188
Signals and Interlocking	2,819,764	4,153	—	2,823,917
Crossings, Fences and Signs	1,430,641	—	—	1,430,641
Elevated Structures	9,820,527	(77,137)	134,258	9,609,132
Substation Equipment	7,274,903	636,514	207,710	7,703,707
Substation Under Long Term Construction Contracts	841,228	—	841,228	—
Telephones and Communications	1,062,563	(12,140)	325	1,050,098
Engineering	46,623	—	—	46,623
General and Miscellaneous	8,276,890	—	120,879	8,156,011
Total Transportation Property	$247,627,776	$ 1,116,900	$8,075,371	$240,669,305
Organization Expense	85,316	—	—	85,316
	$247,713,092	$ 1,116,900	$8,075,371	$240,754,621
Donated Transportation Property	—	266,801,150	—	266,801,150
Totals	$247,713,092	$267,918,050	$8,075,371	$507,555,771

() Denotes Red Figures

operating statistics *for fiscal year ended December 30, 1972*

	Surface System	Rapid Transit System	Combined
REVENUES	$137,265,775	$49,818,156	$187,083,931
REVENUE VEHICLE MILES—			
Cars—Rapid Transit	—	50,776,572	50,776,572
Trolley Buses	8,587,777	—	8,587,777
Motor Buses	86,565,848	—	86,565,848
Total Revenue Vehicle Miles	95,153,625	50,776,572	145,930,197
REVENUE PER VEHICLE MILE	$1.44	$ .98	$1.28
EARNING REVENUE VEHICLE HOURS—			
Cars—Rapid Transit	—	[1]	—
Trolley Buses	877,486	—	877,486
Motor Buses	8,241,417	—	8,241,417
Total Earning Revenue Vehicle Hours	9,118,903	—	9,118,903
POWER STATISTICS:			
Direct Current Kilowatt Hours	34,037,067	240,409,743	274,446,810
Average Cost Per Kilowatt Hour	—	—	2.0877¢
MOTOR BUS FUEL STATISTICS:			
Diesel Fuel—Gallons	14,284,000		
Average Miles Per Gallon	3.77		
Average Cost Per Mile	3.1¢		
Propane Fuel—Gallons	17,777,000		
Average Miles Per Gallon	1.84		
Average Cost Per Mile	4.3¢		

[1] Not Available

METROPOLITAN
TRANSIT
CTA

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